FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 28,972 Thursday January 13 1983 D 8523 B

Europe's space industry tries to catch up, P. 20

NEWS SUMMARY

GENERAL

Poland expels U.S. reporter

Poland is expelling United Press Warsaw correspondent Ruth Gruber. She had been held for a day and questioned about a package of film sent to her from Gdansk.

The American news agency's local employee Ania Olszewska who picked up the film from a station, was still being held yesterday. Earlier story, Page 3

East Germany is expelling West German journalist Dieter Bub after his magazine Stern published a report of an assassination attempt on East German leader Erich Honecker which was swiftly denied.

Podgorny dies

Nikolai Podgorny, Soviet Head of State from 1965 to 1977, when Party leader Leonid Brezhnev took over has died aged 79.

Thatcher leaves

British Premier Margaret Thatcher left for Britain after her five-day tour of the Falklands.

MP's accusation

Northern Ireland MP Harold McCusker, back from Israel, claimed that until the Israeli invasion Irish republican terrorists were being trained in south Lebanon.

French trawler lost

Ten French fishermen were feared drowned when their trawler the Cité d'Atath sank off Wexford, Ireland, in gales.

More than 100 were feared drowned when a ferry carrying more than 220 sank off the east Malaysian state Sabah.

Space sickness

Soviet cosmonauts Anatoly Berezovoy and Valentin Lebedev have not fully recovered from their record 211 days in space, says news agency Tass.

Soviet man told: Go

Britain has ordered Soviet translator Vladimir Chernov, 31, who works in London for the International Wheat Council, to leave within seven days for "activities incompatible with his position."

Police chief quits

Iran's Chief of Police, Colonel Ebrahim Hejazi has resigned. Colonel Khalil Samimi takes over.

Magazine closed

Argentina's military rulers have closed the outspoken magazine Humor, and seized most copies of the latest edition. Page 6

Tour of S. Africa

South Africa Cricket Union confirmed that a team of West Indian players was on its way to play there, bringing protests from anti-apartheid campaigners.

U.S. health choice

U.S. President Ronald Reagan named former Congresswoman Margaret Heckler to succeed Health Secretary Richard Schweiker, who has resigned. Page 22

Briefly . . .

Soviet newspaper Trud called for a campaign against obesity, saying it was bad for efficiency.

Former Czech Deputy Premier Ota Sik, who brought in liberal reforms in 1968, became a Swiss citizen.

Giuseppe Puligheddu, 70, retired Sardinian politician was released from kidnap after payment of a ransom.

Half of Zimbabwe's adult women have suffered from venereal disease, said an official report.

BUSINESS

French inflation 9.7% in 1982

● FRANCE's inflation rate for 1982 was 9.7 per cent, according to provisional figures. The rate for 1981 was 14 per cent, and the 1983 target is 8 per cent. Page 2

● LONDON: FT Industrial Ordinary index fell 5.9 to 598.4. Government Securities showed losses approaching 1 per cent. Page 31

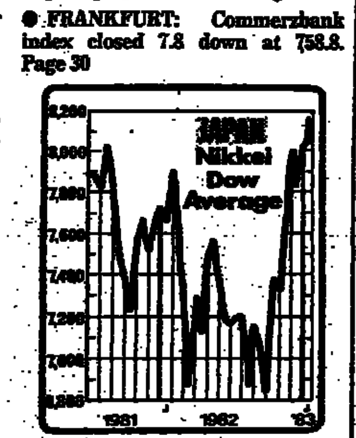
● DOW JONES closed down 0.18 at 1,083.61. Page 30

● TOKYO: Nikkei Dow index fell 39.78 to 8039.85, and the Stock Exchange index was 4.19 lower at 588.89. Page 30

● HONG KONG: Hang Seng index rose 8.81 to 859.89. Page 30

● AUSTRALIAN all-share index edged up by 0.4 to 531.2. Page 30

● FRANKFURT: Commerzbank index closed 7.8 down at 758.8. Page 30



● STERLING fell 65 points to $1.5755, but rose to DM 3.7225 (DM 3.7125), FFr 10.545 (FFr 10.51), SwFr 3.0675 (SwFr 3.0525), and Y363.5 (Y362). Its Bank of England trade-weighted rose from 80.6 to 81.4. Page 36

● DOLLAR rose to DM 2.3615 (DM 2.3455), FFr 6.6975 (FFr 6.6425), SwFr 1.946 (SwFr 1.929) and Y230.4 (Y228.75). Its trade weighting advanced from 117 to 117.2. Page 36

● GOLD was unchanged in London at $481.5. In Frankfurt it rose $1.75 to $481.25, and in Zurich $2 to $481.5. Page 27

● J. P. MORGAN, U.S. bank holding company, reported net earnings for the year of $394.2m ($354.3m); fourth-quarter net income was $114.9m ($117.7).

● CHARTERHOUSE, the London banking and investment group, has set up a joint venture with Cable and Wireless, the UK multinational, and Commco Cable TV of Texas to make a major bid for cable TV business in Britain. Page 22

● NEW ZEALAND economy is not likely to improve until 1984, though interest rates and inflation should fall this year, said Premier Robert Muldoon.

● IRAN says it has boosted oil production by more than 5 per cent this month, to 3.2m barrels a day.

● MEXICO has announced a special exchange rate of about 70 pesos to the dollar, instead of the controlled rate of about 98, for repayment of the $14bn the private sector owes foreign bankers. Page 6

● SNCF, France's state railways, had an operating loss of about FFr 5bn ($750m) last year, more than double 1981's. Page 23

● RENAULT of France and Volkswagen of West Germany, largest car makers in their countries, are linking to make a new type of automatic gearbox for models to be sold in two years. Page 23

● ROHM AND HAAS, Philadelphia-based plastics and chemicals maker, is cutting 500 jobs in Italy and the UK. Page 23

● MR RICHARD ANDERSON resigned as director, president and chief operating officer of F. W. Woolworth, U.S. retailer, and was appointed chief operating officer of Melville, the largest U.S. shoe retailer. Mr Harold Sells is to succeed Mr Anderson at Woolworth.

Pound steadies as Conservatives rule out early election

BY JEREMY STONE AND PETER RIDDELL IN LONDON

Britain's Conservative Government has "no plans for an early election," the ruling party's chairman said yesterday as uncertainty continued in London's financial markets despite steadier trading in sterling after Tuesday's rise in bank lending rates.

Mr Cecil Parkinson stressed the strength of the British economy and said there was no need for the Government to go to the country. Mrs Margaret Thatcher, the Prime Minister, is expected to take up this theme when she returns to London this morning from her visit to the Falkland Islands.

Sterling closed yesterday in London at $1.5755, lower by 0.65 cents on the day, and it gained ground against other currencies, rising by 1 pfennig to DM 3.7225 and by 1.5 yen to Y363.50.

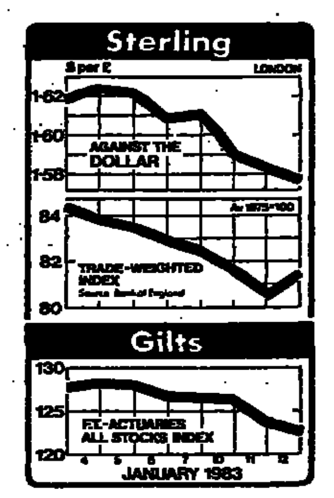
The effective exchange rate, measured by the Bank of England's index against a trade-weighted basket of currencies, rose by 0.8 to 81.4 per cent of its 1975 value. (This gain consolidated the recovery which took place on Tuesday after the index had been calculated).

In New York the pound firmed to $1.5785.

Midland Bank yesterday raised its base lending rate to 11 per cent, matching the move on Tuesday by the other three leading commercial banks.

There had been fears in the money market that Midland, whose previous base rate had been ¼ point higher than the other banks', had delayed its increase to strike a still higher rate, perhaps 12 per cent.

Interbank rates reached 12 per cent in early morning in anticipation of such a move, but later settled at around 11⁵⁄₁₆ per cent after Midland fell into line and the Bank of England pitched its bill-dealing rates at 11 per cent.



Foreign exchange dealers felt that the base rate increase had stabilised the pound for the time being. But few regarded a 1-point rise in base rates as likely to prove decisive.

There was a widespread feeling in other financial markets as well that political uncertainty – notably over the timing of and result of a general election – had become the main influence on sterling, swamping considerations based on economic performance and the relative purchasing power of various currencies.

Share prices again slipped downwards, causing a fall of 5.9 points on the FT Industrial Ordinary Index, which passed through the 600 level to close at 598.4.

Political uneasiness was perhaps most acutely reflected in the government securities market. Falls of

Continued on Page 22

Economic Viewpoint, Page 21; Lex, Page 22; Euromarkets, Page 24; Currencies, Page 36

Wall St falls back after breaking 1,100

By Duncan Campbell-Smith in New York

WALL STREET share prices pushed steadily upwards for most of yesterday but then lost much of their gain in the final hour of another heavy trading session.

The Dow Jones Industrial Average rallied by 16 points to break briefly through the 1,100 mark, but turned round in the last hour to fall abruptly back. The average closed just 0.18 lower.

Analysts identified little fundamental change in the economic news to explain the market's performance, though the announcement of 0.4 per cent decline in U.S. retail sales, seasonally adjusted, prompted further misgivings about the strength of any near term economic recovery, they said.

Advancing stocks outnumbered declining by almost two to one and investors appeared early in the day to have been reassured by the limited scale of Tuesday's correction from just below the 1,100 level.

But the last-minute retreat was broadly based in a trading volume of 110.65m shares. IBM and General Electric, two companies whose shares have been widely followed in the current bull market, saw their prices reach $100 before slipping back to close at $98¾, up $⅛ and $97½, down, $¾, respectively.

Among the different sectors, technology stocks still managed to retain some of their gains over the day, with Digital Equipment closing up 2½ at 99 and Hewlett Packard up 1½ at 77. Heavy industrial stocks which have advanced strongly so far this year had a mixed showing. Most of the chemicals advanced, with Rohm and Haas, which announced a contraction of its European industrial operations, putting on ¾ to 80¼. Steels, though, which have been a leading sector, closed mostly unchanged or marginally lower.

Heavy institutional buying late in the day in the Government bond markets – possibly stimulated, according to dealers, by the retail sales figures – added ⅜ per cent to prices on both intermediate and long-dated issues.

The 10½ per cent due 1992 bonds were yielding about 10.25 per cent at the close of trading and the 10⅜ per cent due 2012 around 10.41 per cent.

Stock markets, Page 30

Bonn coalition divided on missile policy

BY JONATHAN CARR IN BONN

SERIOUS tactical differences have emerged between the West German government coalition partners over Nato's nuclear missiles policy, only two months before the general election.

The differences became clear yesterday at a press conference held – ironically – to try to emphasise government unity on the issue and criticise the opposition Social Democrats (SPD).

Instead, the Free Democrat (FDP) Foreign Minister, Herr Hans Dietrich Genscher, and the Christian Democrat (CDU) Defence Minister, Herr Manfred Wörner, revealed diverging approaches.

Herr Genscher underlined that if the superpowers could not agree on renunciation of all intermediate-range nuclear missiles by the autumn, an interim solution was still possible.

That meant the U.S. would deploy some missiles in Western Europe – including West Germany – and the Soviet Union would cut only part of its arsenal. Negotiations should then continue to achieve full renunciation.

Herr Wörner, in contrast, said he felt sure the superpowers could reach accord this year on renouncing all intermediate-range missiles, so long as the Western countries did not weaken their stand.

Above all he stressed there must be no lack of clarity about Bonn's position, since this could have repercussions in other European countries which have agreed to deploy new U.S. missiles if the superpower talks fail.

On the face of it, the comments of both Ministers are in line with the Nato "twin-track decision" of December, 1979, which offered negotiations to the Russians but agreed to deploy missiles in Europe from the end of this year if the talks failed.

Sig Emilio Colombo, the Italian Foreign Minister, said last night that the time was ripe to explore changes in Nato's zero option proposals. His statement, made in London, is a further indication that Western tactics may change in the intermediate nuclear force reduction talks in Geneva.

The way in which the West publicly (as well as privately) presents its position to the Soviet Union will, in the CDU's view, influence the result of the negotiations themselves.

Herr Wörner and other leading members of the CDU feel it would be fatal for the West to talk about an "interim solution" in the superpower talks, as though it no longer expected full abolition of the missiles (the so-called "zero option").

It is felt that such talk would take pressure off Moscow to reach accord with Washington

Over the past week or so – and again yesterday – Herr Genscher has emphasised repeatedly that while the zero option was the best possible, an interim solution would be next best.

Wehner not to seek re-election, Page 2

Japan agrees $4bn aid package to South Korea

BY ANN CHARTERS IN SEOUL

MR YASUHIRO NAKASONE, the Japanese Prime Minister, and President Chun Doo Hwan of South Korea yesterday agreed on a $4bn aid package agreed to Korea, ending an 18-month-old dispute over the request and putting Korean-Japanese relations on a more positive footing.

The agreement represents major diplomatic and economic achievement for President Chun, and is also of crucial significance to U.S. attempts to reinforce support for the Western alliance in Asia. Both South Korea and Japan are key components of the U.S. military presence in the area.

Japan's relations with Korea have been strained as a result of the 35-year Japanese occupation of the country up to 1945. Even though realtions were normalized in 1965, many Koreans think the Japanese made few concessions at the time to their Korean nieghbours.

The rewriting last year of Japanese history books dealing with the occupation era caused a delay in the loan talks and it was not until Korea's most prominent dissident, Kim Dae Jung, was released from jail to go to the U.S. for medical treatment that the way was eased for the Nakasone-Chun talks.

The aid package, resolved in detail at foreign minister level, consists of $1.85bn in development aid and $2.15bn in loans from the Japanese Export-Import Bank. The loans, denominated in yen, are to be made over seven years, but will begin before the end of the Japanese fiscal year in March, 1983. They carry 6 per cent interest per annum.

According to Japanese officials, Mr Shintaro Abe, the Japanese Foreign Minister and Lee Bum-Suk, the South Korean Foreign Minister, agreed to discuss details of the annual aid on a yearly basis. A Korean official indicated that the portion of the package available to Ko-

Continued on Page 22

Easing of trade barriers, Page 5

Andropov tells Vogel of SS-20 proposal

BY ANTHONY ROBINSON IN MOSCOW

THE SOVIET UNION is "prepared to consider" dismantling some of the SS-20 missiles which it has offered to withdraw from its western region. Mr Yuri Andropov, Soviet Communist Party chief, yesterday told Herr Hans-Jochen Vogel, the West German opposition leader, of the Russian decision.

A group of 13 visiting U.S. Congressmen were given the same message earlier this week by Mr Viktor Karpov and Mr Yuli Kvitinski, the Soviet Union's two leading arms control negotiators.

Mr Andropov offered on December 22 to reduce to 162 the number of Soviet medium-range missiles targeted on western Europe – a number equivalent to British and French strategic missiles. Since then, Western diplomats and arms control experts have sought further clarification of what the Soviet Union intends to do with the 60 or so SS-20 missiles withdrawn under this proposal.

Herr Vogel was asked at a press conference whether the proposal made to the visiting Congressmen had been repeated to him by Mr Andropov during yesterday's talks. "I cannot contradict this," he said.

Ford UK car output lowest since 1958

BY KENNETH GOODING IN LONDON

FORD'S car output in Britain fell to 294,500 last year – the lowest level since 1958.

Last year's total represented a 14 per cent drop from the 1981 production or 342,100.

In contrast, BL's car output rose by nearly 8 per cent last year, from 413,400 in 1981 to about 445,500.

Thus, for the second successive year, BL moved further ahead of Ford as Britain's top car producer.

Although Ford had a 30.4 per cent share of new car sales in Britain last year against BL's 17.8 per cent, it imported from its Continental plants 48.5 per cent of the 450,365 cars it sold in the UK.

Kit shipments in 1979, when the old Escort was still in production, were 80,000. Last year, they were down to 37,000 and are likely to continue to decline.

Another element in the shortfall, according to Ford, was the failure of the Halewood plant on Merseyside, where the new Escort is produced, to meet planned output targets.

The group said that, although Halewood is equipped to produce 1,1015 Escorts a day, daily output last year averaged only 721. The plant produced 167,868 Escorts last year, better than in 1980 when the new model was being introduced, but well below the peak 189,000 achieved in 1979.

The major adverse factor affecting Ford's UK output last year was the switch from production of the 16-year-old Cortina to the new Sierra at the Dagenham plant in the summer.

In 1981, Ford produced 140,000 Cortinas in Britain. Last year, output of Cortina and Sierra combined reached only 81,000.

There has also been a steady decline in Ford exports from the UK, particularly of car kit shipments to the Far East.

Shipments of Cortina and old Escort kits almost have come to an end and Ford's Far East dealers are instead being supplied from Tokyo Kogyo factories in Japan. Ford has a 25 per cent shareholding in TK.

Boosted by the Cavalier's success, Vauxhall, the General Motors (GM) subsidiary, increased UK car production by 61 per cent

Reliability report, Page 7;
Renault–VW production pact, Page 23

Grundig in move on Telefunken

By Stewart Fleming in Frankfurt

GRUNDIG, the leading West German consumer electronics group, is negotiating to take a larger stake in Telefunken, AEG-Telefunken's consumer electronics division.

Telefunken, meanwhile, is under increasing pressure from the West German Cartel Office to pull out of the joint video recorder venture with Thorn-EMI of the UK and the Japan Victor Company (JVC) in Berlin.

Telefunken said yesterday that it had asked the Cartel Office to extend until the end of February the date on which it will provide the cartel authorities with an explanation of its plans for participating in the video recorder market.

The latest moves in the complex relationships surrounding Grundig and Telefunken partly reflect the reservations of the Cartel Office over the plans for Grundig to take management control of Telefunken when Grundig has declared its in-

Continued on Page 22

Telefunken in Far East, Page 23

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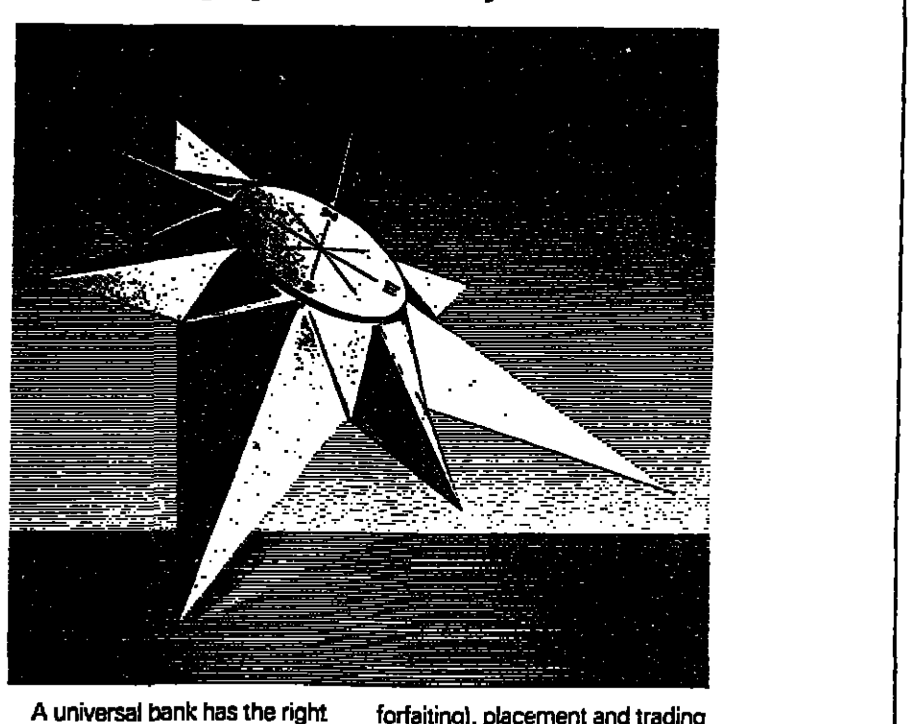

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CONTENTS

State Bank of India

State Bank of India announces
that its base rate
is increased from
10% to 11% per annum
with effect from
January 12 1983

The rate of interest payable
on ordinary deposits
is increased from
6¾% to 8% per annum

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PENSION FUND INVESTMENT

A Financial Times survey to be published on February 21 1983.

For further details and advertisement rates please contact: Nigel Pullman Tel: 01-248 8000 ext. 3606

Wehner retirement closes chapter of SPD history

BY JONATHAN CARR IN BONN

HERR HERBERT WEHNER, who played a decisive role in shaping West Germany's Social Democrat Party for more than three decades, will not stand for parliament again in the general election on March 6.

Herr Wehner, the parliamentary floor leader of the SPD since 1969, is the second member of the party's ruling "Troika" to step out of the limelight in three months.

Last October, Herr Helmut Schmidt announced that he would not stand again as Chancellor, after the fall of the SPD government coalition with the liberal Free Democrats. The third leader, Herr Willy Brandt, remains party chairman.

Herr Wehner's announcement is not unexpected. He is aged 75 and his health has been poor for years. None the less, with his retirement, a chapter in SPD history is being closed.

With Herr Kurt Schumacher (the SPD leader in the 1940s and 1950s), Herr Wehner is probably the most influential German Social Democrat of the post-war period. He played a key role in transforming the SPD from a Marxist-orientated party to one palatable to middle-of-the-road voters.

Born in Dresden, in what is now East Germany, in 1906, Herr Wehner joined the SPD at the age of 17 but soon graduated to the Communist Party – working first in Europe and later in Moscow.

Herr Herbert Wehner

He renounced Communism but remained a passionate advocate of improved ties between the Federal Republic and its Eastern European neighbours – ties he sought to influence through personal and often controversial missions to the East.

Herr Wehner was one of the most gripping of parliamentary speakers – and has been well described as "an old volcano spitting fire and brimstone." The Bundestag will not be the same without him.

Farm leader quits Ireland's central bank

By Brendan Keenan in Dublin

THE LEADER of Ireland's biggest farming organisation has resigned from the board of the central bank because it refuses to consider devaluing the punt.

The resignation of Mr Donal Cashman, president of the Irish Farmers Association, and the rapid fall of sterling, which threatens the competitiveness of Irish exports, is likely to make devaluation an issue for the first time. One of the country's leading economists has already said the Government may have to revise its policy within the European Monetary System.

The policy of successive governments has been to maintain the central value of the punt in the EMS. This has meant an 8 per cent devaluation against the D-Mark since Ireland joined the system in 1979, but an appreciation against currencies such as the Belgian franc

It is this policy which has provoked Mr Cashman's resignation. He said the balance of advantage in favour of a devaluation was now clearly obvious.

Mr Peter McKimm, of the Irish Exporters Association said that with 40 per cent of all exports going to Britain, the time had come to look at devaluation in realistic economic terms but it would have to be accompanied by a wage freeze.

Controversy rages again about French public sector orders

BY DAVID HOUSEGO IN PARIS

THE CONTROVERSY in France over public sector purchasing has been abruptly reopened by an official report, leaked by the Paris newspaper Liberation yesterday.

It accuses the state electricity authority, Electricite de France (EDF) of paying several billion francs too much as a result of exclusively placing nuclear power equipment orders with monopoly French suppliers.

The report, from the Commission on Competition, says that the two companies to have reaped excessive profits are Framatome, a subsidiary of the engineering group Creusot-Loire and part of the Empain-Schneider empire, and Alsthom-Atlantique, which manufactures turbo-generators and is part of the large CGE electrical group.

It also says that the cost of electricity production, which should have dropped with the introduction of larger nuclear power stations, rose instead.

The report, commissioned by a Parliamentary committee, has been hotly contested by EDF and the Ministry of Energy. The two organisations claimed yesterday that increased costs had been due to higher safety requirements, but that, in any case, the costs of building nuclear power stations in France were lower than abroad. The Ministry of Energy also said that jobs were saved in placing orders with French companies.

EDF, which ran up a FFr 8bn (£714m) deficit last year, is under strong government pressure to reduce "over spending" as part of an effort to balance its books.

The Government is also expected to decide soon whether to slow the nuclear power programme because of falling energy consumption. The two groups most heavily dependent on EDF orders would be greatly affected by any reductions.

Some 40 per cent of the turnover of loss-making Creusot-Loire comes from nuclear equipment, most of which is supplied to the home market. The group's sales were more than FFr 17bn in 1981.

More generally, the document's conclusions call into question the wisdom of placing public sector equipment orders exclusively with French corporations—a policy which has been much encouraged by the Socialist administration as part of its programme to "reconquer" the domestic market and sustain employment.

The report says that the shift by EDF at the end of 1975 from ordering 900 MW nuclear power units to 1,300 MW units should have brought a 5-7 per cent drop in the costs of power generation. Instead costs rose by about 10 per cent.

Inflation rate ends year below 10%

By Our Paris Correspondent

THE FRENCH Government achieved its goal of reducing the inflation rate last year to under 10 per cent. According to provisional figures announced yesterday, consumer prices rose by 0.9 per cent in December, resulting in a 9.7 per cent inflation rate for 1982.

This compares with 14 per cent in 1981 and a target this year of 8 per cent. But last year's figures include four months of price freeze in the wake of the June devaluation of the franc.

As a result prices rose by only 1.5 per cent during the July-October period. They accelerated in November with a 1 per cent increase.

The Government expects the inflation rate to remain at an annual level of about 10 per cent during the first six months of the year under the impact of increases in rents and public sector tariffs. Their hopes for a lower rate depend largely on a continuing weakening of the U.S. dollar.

● New car registrations in France last year rose 12 per cent to a record level of more than 2m, writes David White. Although both the large French groups — state-owned Renault and private-sector Peugeot—increased sales in their home market, foreign cars reaped the main benefit with a 22 per cent increase in the number sold.

Both groups were hit by strikes in the early months of the year, resulting in lost production estimated at 100,000 vehicles, and further concern has arisen as a result of paint-shop strikes at two Renault plants. These were still at a deadlock yesterday, with output at the big Flins plant west of Paris at a standstill.

Renault managed to increase its share slightly to just over 39 per cent, while Peugeot saw its total share decline from 33 to 30 per cent. A sharp improvement at its Talbot offshoot failed to compensate for a drop at Citroen, whose domestic sales fell by more than 4 per cent.

Imports, meanwhile, took almost 31 per cent, compared to 28 per cent in 1981.

The final total of registrations, at 2.06m, passed the 1979 previous record of 1.98m. But the motor manufacturers' association said the market was unlikely to be as favourable this year, and warned that Renault and Peugeot needed to improve their financial position in order to maintain investments and keep up their programme of new models.

The two groups are expected between them to show losses of more than FFr 4bn (£380m) for last year.

Concern over benefits for long-term jobless

BY DAVID MARSH IN PARIS

FRANCE'S Socialist government, disturbed by the country's growing number of long-term unemployed, seems to be taking more seriously the problems of poverty faced by people living on social security.

M Pierre Mauroy, the Prime Minister, next Tuesday meets M Maurice Pagat, secretary of the Unemployed People's Union, who started a hunger strike on Christmas Day to campaign for higher benefits for the long-term jobless.

M Pagat, whose action has commanded plentiful support, announced at a Press conference yesterday that he had called off his hunger strike because M Mauroy had agreed to meet him.

He said that the hunger campaign would be restarted—either by himself, or by union members in relays around the country—if M Mauroy delivered no more than "pious wishes."

Looking tired, but otherwise seeming relatively unaffected by his 18 day campaign—which he had earlier said would not be a "fight to the death"—M Pagat said he had received letters of support from two members of the Government.

These were M Michel Rocard, the Planning Minister, who earlier this week criticised unions for lack of solidarity with the unemployed, and M Charles Hernu, the Defence Minister.

M Pagat's organisation has been campaigning for benefits equivalent to at least two-thirds of the minimum wage—FFr 3,517 a month (£314)—for all unemployed people.

At present well over 100,000 long-term unemployed who have reached the "end of their rights" receive no more than the basic minimum benefit of FFr 1,000 a month.

The overall jobless figure has remained fairly stable recently at just over 2m. The number out of work for more than a year, at over 500,000, has been rising much more rapidly than the overall total.

EEC budget supplement doubts

BY JOHN WYLES IN STRASBOURG

THE European Commission yesterday began drafting a supplement to the EEC's 1983 budget amid growing concern that it might not be adopted in time to head off moves by the UK to withhold some of its payments to Brussels.

Britain has warned that it will reduce its monthly transfers to the Community budget if a promised £500m rebate on London's contribution to the cost of running the EEC is not paid before the end of the financial year in March.

Most of the money was due to be paid by the end of last month, but, in December, the European Parliament rejected a supplementary budget which included the necessary funds.

Senior commission officials are dubious about the prospects of the Parliament adopting a similar supplementary next month unless the Council of Ministers makes some important political concessions to the Assembly.

However, France is seen as a major obstacle to the development of any conciliatory approach in the council. While Paris is formally committed to securing payment of the rebate on the UK's 1982 EEC payments by the end of March, it is also deeply hostile to any moves which might build up the Parliament's status and ability to influence general policy developments.

Rejecting the supplementary budget last month, MEPs demanded a political undertaking that the UK's budget problem would be dealt with by the development of EEC policies and not by special rebates.

They also demanded that this "last" £500m rebate be spent on genuine EEC policies in the UK, and that the rebate and a much smaller payment to West Germany be put into a budgetary category susceptible to Parliamentary amendment and not into the same "untouchable" section as agriculture.

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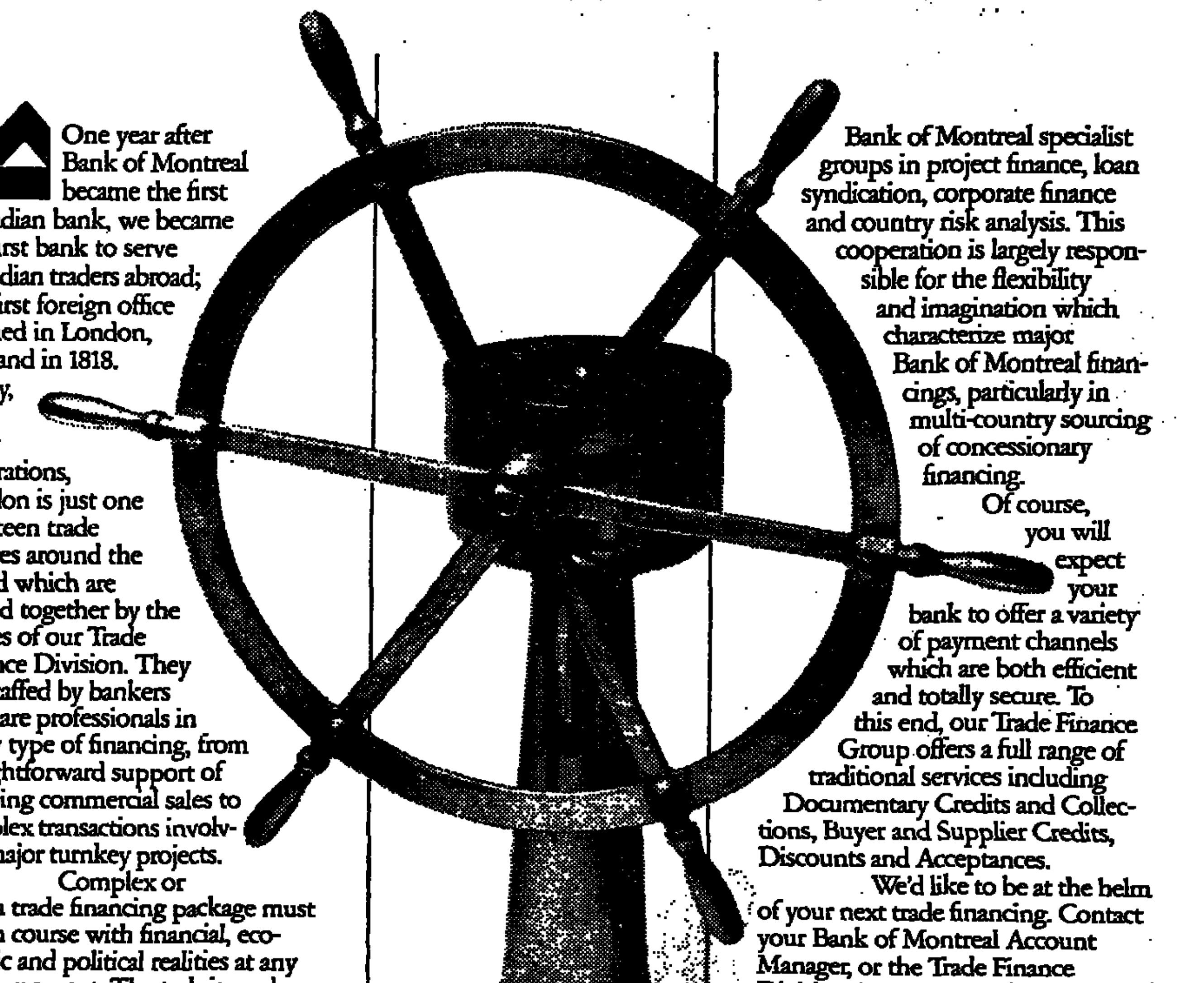

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Banking on Exports Conferences.

The first one-day conference of the series "Banking on Exports" will take place at the Barbican Centre on January 26th 1983.

The Chancellor of the Exchequer, The Rt. Hon. Sir Geoffrey Howe, QC, MP, will open the conference which will cover methods of payment and raising finance for exports, the services of the Export Credits Guarantee Department and other means of risk cover, and foreign currency invoicing and financing.

The conference will include case history studies and audio-visual programmes, and Richard Kershaw, the television current affairs presenter, will keep the proceedings moving at a lively pace.

The cost of the Barbican Conference is £40 incl. VAT, morning coffee and lunch.

Telephone 01-928 2345 (Mr. Pickering) extn. 8048 for further information and place reservations.

The conference series is sponsored by the BOTB with the assistance of the Committee of London Clearing Bankers, the British Overseas and Commonwealth Banks Association, the Committee of Scottish Clearing Bankers, the Northern Ireland Bankers' Association, and ECGD.

Further conferences will be in:
Plymouth, February 15th;
Harrogate, March 23rd;
Manchester, April 20th;
Glasgow, May 25th;
Cardiff, June 22nd;
Belfast, October 19th;
Birmingham, November 30th.

Please telephone 01-215 5365 for details or write to British Overseas Trade Board, Room 215, 1 Victoria St, London SW1H 0ET.

British Overseas Trade Board

Western businessmen find plenty of profit in Poland

BY LESLIE COLITT IN BERLIN

THE POLISH economy may look a shambles to most Westerners, but to a small, hardy group of businessmen it contains the potential for great profits.

Most of them are former Poles who have lived in the West for years and are now taking advantage of an investment law which allows foreigners to found private companies in Poland with Western capital. For their first three years in business, overseas investors pay no corporate taxes. They are also allowed to transfer back to the West a proportion of profits earned in Poland each year, and retain up to 50 per cent of profits made on exports.

The minimum investment required to set up in Poland is £19,000.

"Of course there are risks," admits Dr Jan Kulczyk who lives in West Germany, "but that's why the profits are so good."

He established a private company, Interkulpol, in Poland last year which is managed by a Pole and has 100 employees who make everything from cosmetics and household chemicals to prefabricated summerhouses, reproduction antiques and car batteries.

Dr Kulczyk, who has three companies in West Germany which trade with Poland, leased a factory near Poznan and equipped it with Western machinery. He hopes to sell DM 2m (£540m) worth to the West this year.

One of the largest of the so-called Polonian companies, Inter-Fragrances, had a zloty turnover last year equivalent to about $40m in sales of essences, essential oils and cosmetics. Exports totalled some $4m. The man behind the company, Mr Ignacy Zenon Soszynski, a Pole living in Morocco, maintains: "I can make business anywhere but, as a Pole, I only feel at home in Poland."

Such sentiments among a number of emigré Poles explains why they established 360 private companies in Poland last year with a turnover of Zl 16bn (about £115m).

Mrs Bozena McGinn, a Londoner, founded the Introl company in Poznan which is managed by her brother, Mr Romauld Szperlinski. This week, he was in West Berlin with 21 other private Polish companies in their first foreign exhibition.

Mrs McGinn put $80,000 into the company which last year exported £40,000 worth of self-adhesive letters to the U.S. and Scandinavia in its first 10 months of existence. Mr Szperlinski said this week he received a £27,000 order from West Germany for letters and stickers. The company, which advertises itself as an "English enterprise in Poland," buys all its PVC foil and dyes from a West German company.

Introl rented a factory from private businessmen in Poznan, and is now building its own small plant. Other Western investors have leased unused capacity from state-owned companies.

The foreign-owned enterprises in Poland are able to produce relatively successfully in a climate of economic despair because, unlike large state companies, they have access to hard currency to buy raw materials and semi-manufactures in the West and are far more flexible in adapting to demand They also claim to pay higher wages and enjoy greater productivity than the state concerns.

Mr Andrzey Smorawinski is the manager of the Revis clothing company, which employs 120 people in Poznan and was set up with DM 300,000 (£81,000) from ethnic Poles living in West Berlin, the company exported DM 300,000 worth of clothing to West Germany last year and hopes to boost this to DM 500,000 this year. The hard-currency sales are mainly to cover the cost of materials and machinery from the West, he says. He could sell his entire output in Poland.

These small Polish clothing companies are so price-competitive, according to Western buyers, that htey often manage to undercut even Far Eastern producers.

Although official relations between Poland and the U.S. have seldom been worse, the Ameprod and Amepol companies in Poznan proudly announce that they are U.S. concerns, founded by Mr George W. Jarmoc, of Kenosha, Wisconsin. Mr Stanislaw Zielinski, the Polish director of Ameprod, says that, unlike directors of state companies, he takes no orders from above but produces "what makes the biggest profit."

The company sells Western electronic television games to well-off Poles and British industrial computers to Polish companies. It exports 40 per cent of its production of wooden toys, loading palettes and lorry jacks to the West in order to finance the import of paints and adhesives, as well as the lucrative sale of Western electronics to Poles.

The Polish authorities were continuing yesterday to detain Ms Ruth Gruber, the United Press International correspondent in Warsaw, as well as Ms Ania Olszewska, a part-time employee of the agency, writes Christopher Bobinski in Warsaw. The move is clearly designed to intimidate Western journalists in Warsaw and comes in the middle of an official purge of Poles employed by them. It also follows the withdrawal of the visa of Mr Kevin Ruane, the BBC's correspondent stationed in the Polish capital.

The two women were detained last Tuesday after Ms Olszewska went to collect a parcel, reportedly sent to UPI's Warsaw office from Gdansk, at a Warsaw railway station. Ms Gruber was taken for questioning at Warsaw police headquarters on Tuesday evening. Yesterday, United States consular officials were told she could be held for 48 hours without explanation or charges being preferred. Officials have said, however, that she is being detained in connection with a contravention of Polish law.

Podgorny dies: last of the troika which deposed Khruschev

BY ANTHONY ROBINSON IN MOSCOW

MR NIKOLAI PODGORNY, the former President of the Soviet Union, who died yesterday at 79, was the last survivor of the "Troika," formed with Mr Leonid Brezhnev and Mr Alexei Kosygin, which usurped power from Nikita Khruschev in the Kremlin coup of 1964.

A Ukranian, like both Mr Brezhnev and Mr Kruschev with whom he worked closely for years, he was born into a peasant family in a village near Poltava on February 18, 1903.

He took part in the rural uprising against landlords which accompanied the 1917 revolution and became, at 20, head of the Communist youth cell in his village as the party moved to consolidate its hold over the countryside after the civil war. Later, this led to famine on a mass scale.

Like Mr Brezhnev, he was one of the ambitious young Communist apparatchiks who rose steadily through the ranks under the patronage of then Ukrainian party boss, Nikita Khruschev, as Stalin's purges opened the way for tough and obedient young careerists.

He accompanied Mr Khruschev to New York in 1960 and was present when his leader banged his shoe on the table to emphasise his point at the United Nations General Assembly.

Mr Podgorny became President in 1965 and represented the Soviet Union on several trips to the Middle East and Africa.

His signature lies on the ill-fated Soviet-Egyptian peace and friendship treaty of 1971 and a similar treaty with Somalia three years later.

In 1977, he is believed to have been asked by Mr Brezhnev to step down gracefully but refused and was promptly dismissed and retired into obscurity.

As member of the post-Khruschev troika, he had the power to turn the presidency into an important power base, especially in foreign policy matters. But the presidency became a largely ceremonial position once assumed by Mr Brezhnev, who added it like a trophy to his other positions

Mr Yuri Andropov, the present party leader, was expected to follow Mr Brezhnev's example and take over the presidency last December but failed to do so even though, in practice, he has met foreign leaders as de facto head of state ever since Mr Brezhnev's funeral.

The death was also announced of Mr Tikhon Kiselyov, a candidate member of the poliburo and party boss in Byelorussia since October 1980. He was 65 and died after a "serious illness," Tass reported.

'ET' alive and sick in Portugal

By Diana Smith in Lisbon

PORTUGUESE BUSINESS is infested with extra-terrestrials and plagued by dinosaurs, Sr Joao Lencastre, head of the Institute of State Shareholding (IPE), charged yesterday.

Stunning an audience of private businessmen and leading lights from the public sector, he said that, because of failings on all fronts, "we have created dinosaur-like companies, creatures unfit for their environment — the market—and doomed to die.

"Many of these 'ET' companies were created in another world, with no vision, and hideous costs and delays. They have no chance of survival and no little Elliots to save them," he added.

The creation of these aliens in the country's business sector, Sr Lencastre said, stemmed from weakness in management and the failure to spot opportunities

The reference to the cult film "E.T. The Extra-Terrestrial," which is currently distracting the Portuguese from their country's political and economic crisis, was complemented in Sr Lencastre's pugnacious speech by the accusation that private businessmen were going through a "suicidal patch."

His speech, to mark the announcement of IPE investments in four new companies, provides a sample of the black humour that has invaded Lisbon since the December 18 resignation of Sr Francisco Balsemao, the Prime Minister, and the efforts to find people willing to join the next cabinet.

MINISTERS KEEP VEXING ISSUES OFF AGENDA OF PARIS MEETING

Madrid tries hard to quell public mistrust of French

BY TOM BURNS IN MADRID

A TWO-DAY meeting in Paris at the beginning of the week between the Spanish and French Ministers of Foreign Affairs, Economy and European Community Affairs is seen by officials and diplomats in Madrid as an important attempt by Spain's new Government to overcome deep-rooted mistrust of Spain's powerful neighbour

Fittingly, Sr Fernando Moran, the Spanish Foreign Minister, spoke in sweeping terms, at the end of the talks, of "the task of historical dimensions" that would govern future relations between the two countries. More surprisingly for a Socialist minister who had met for two days with his ideological colleague, Sr Moran said glowingly that the moment had come to "recreate between Spain and France the atmosphere of the family compact"—the dynastic treaties of the Sun King that brought the Bourbons to Spain at the beginning of the 18th Century.

Diplomats in Madrid stressed more prosaically the similar temperament of the two foreign ministers that underlies a long-standing friendship between Sr Moran and M Claude Cheysson.

Sr Miguel Boyer, the Spanish Minister of Economy and Commerce who was present at the seminar, is himself what the Spaniards term an "afranesado" a Francophile, who was born in St Jean-de-Luz, southwest France, and was educated at Madrid's French Lycee.

The two Spanish ministers, accompanied by the Secretaries of State for Commerce and Community Affairs, met M Cheysson, M Jacques Delors, the French Economy Minister, M Andre Chandernagor, the European Minister, and M Michel Rocard, the Planning Minister, at the Chateau de la Celle-Saint-Cloud.

The French approach succeeded in keeping specific vexing issues off the agenda, among them a last-minute appeal from Spanish lorry-drivers that safeguards should be obtained for the often hazardous transportation of farm produce through southern France.

The Spaniards even bent over backwards to see the Paris point of view. Thus, the Basque problem, said Sr Moran, was "essentially a Spanish one"—a statement that contrasts with Madrid's stock allegation that Eta terrorism would cease if France took action against the separatists' safe havens across the border.

Equally, on membership of the European Community, the Spanish Minister said the issue should not become "obsessive" and that he refused to "fall into the trap of naming (entry) dates."

Overall, as had been intended, there were no firm commitments on any topic save that the "positive" get-together would be repeated on the same basis at regular six-monthly intervals, against the background of Franco-Spanish bitterness over the years, that was no small achievement.

A French official in Madrid stressed that credit was due to the Spanish team for the optimistic prospect of improved relations." They have a greater understanding of the way things are done in France and of French psychology," he said.

The sophistication of Srs Moran and Boyer, as well as their Socialist affinity with President Francois Mitterrand's France, appears in favourable light when compared with previous administrations, in particular those of Sr Adolfo Suarez, who nurtured an ill-disguised resentment towards all things French.

Sr Moran's vision of Spain and France, hand-in-hand and tackling a wealth of issues ranging from promoting north-south dialogue to joint enterprises in aLtin America in a 20th century "family compact," may be quixotic. It is also hard to sell to a Spanish public which continues to see France as the prime mover behind all things bad, be it bans in Brussels or terrorism in the Basque country, especially since these problems remain unsolved.

The Spanish press, in particular, is almost unanimously suspicious of France—an attitude which moved a lone francophile columnist yesterday ironically to remind his colleagues that both Goya and Picasso died over the border and that perhaps there was something to be said in favour of France.

Spanish officials look forward, however, to two forthcoming events that will help smooth the way to a better understanding. The first is a meeting on January 23 of European Socialist Prime Ministers in Paris which will be attended by Sr Felipe Gonzalez in his first trip abroad since taking office.

The second is the naming of a new ambassador to Paris with the brief, in another pet project of Sr Moran, to create a significant Spanish political presence in Europe.

NOTICE OF REDEMPTION

to the holders of bonds payable in American Currency

of the issue designated

9% Bonds due February 15, 1985

(herein called "Bonds") of

The Norwegian State and Municipal Power Consortium, Sira-Kvina Kraftelskap

Public Notice is Hereby Given that The Norwegian State and Municipal Power Consortium, Sira-Kvina Kraftelskap intends to and will redeem for SINKING FUND PURPOSES on February 15, 1983, pursuant to the provisions of the bonds, the following bonds as indicated, of the above-mentioned issue, at 100% of principal amount plus accrued interest to the redemption date, namely:

75	1637	3708	4428	5251	5720	6253	6709	7155	7671	8107	8507	8957	9426	9836	10519
89	1698	3748	4437	5255	5728	6265	6721	7163	7678	8113	8517	8961	9436	9839	10540
92	1715	3761	4440	5259	5742	6271	6732	7165	7685	8122	8524	8975	9445	9845	10553
115	1743	3780	4453	5264	5746	6278	6741	7170	7690	8136	8537	8979	9451	9852	10572
138	1747	3792	4465	5270	5756	6284	6749	7174	7705	8152	8609	8990	9457	9860	10584
160	1753	3796	4472	5275	5761	6291	6753	7186	7726	8157	8614	8993	9463	9868	10593
167	1768	3799	4477	5281	5774	6294	6768	7204	7732	8165	8628	9005	9471	9878	10601
190	1875	3809	4483	5295	5784	6298	6792	7208	7741	8181	8633	9040	9477	9886	10619
254	1888	3816	4496	5304	5818	6308	6798	7211	7751	8189	8647	9052	9485	9895	10631
288	1896	3818	4499	5314	5832	6315	6799	7218	7760	8202	8663	9059	9488	9901	10654
318	1918	3825	4508	5321	5841	6323	6806	7232	7769	8210	8669	9075	9496	9908	10672
323	2024	3838	4519	5342	5844	6335	6812	7237	7783	8216	8680	9081	9498	9921	10689
326	2084	3845	4540	5346	5849	6341	6817	7241	7793	8232	8684	9086	9504	9928	10698
331	2117	3920	4543	5355	5858	6351	6826	7247	7799	8236	8692	9102	9512	9933	10702
376	2119	3922	4547	5365	5865	6360	6830	7252	7801	8242	8699	9107	9522	9944	10715
426	2152	3935	4551	5381	5867	6366	6836	7265	7812	8247	8703	9113	9528	9952	10741
493	2194	3939	4561	5387	5879	6377	6844	7279	7826	8253	8710	9124	9537	9963	10751
592	2246	3968	4575	5398	5881	6383	6864	7287	7831	8255	8722	9131	9545	9969	10768
730	2353	3988	4640	5402	5911	6387	6879	7294	7835	8266	8728	9141	9553	9976	10801
742	2406	3993	5013	5406	5914	6392	6890	7302	7844	8268	8736	9148	9564	9988	10817
743	2438	4030	5021	5410	5925	6407	6910	7306	7851	8270	8740	9153	9571	10166	10833
788	2440	4059	5023	5421	5928	6414	6914	7317	7861	8276	8744	9155	9579	10182	10856
792	2677	4094	5028	5433	5937	6447	6921	7322	7872	8286	8749	9162	9601	10195	10877
802	2783	4107	5032	5441	5942	6451	6925	7338	7889	8302	8751	9164	9608	10228	10892
829	2788	4119	5037	5446	5948	6459	6932	7353	7897	8307	8756	9175	9617	10235	10901
830	2799	4136	5043	5451	5951	6479	6939	7365	7901	8309	8764	9198	9628	10242	10914
839	2806	4142	5051	5461	5961	6486	6942	7376	7910	8320	8768	9201	9636	10253	10941
896	2811	4159	5056	5472	5972	6489	6947	7389	7922	8325	8779	9209	9640	10264	10952
932	2814	4168	5065	5485	5981	6508	6959	7403	7930	8334	8781	9221	9652	10286	10978
937	2827	4185	5070	5490	5986	6517	6962	7413	7941	8347	8785	9235	9660	10308	10997
938	2844	4201	5089	5493	5990	6529	6966	7431	7956	8351	8788	9240	9672	10317	11020
1087	2849	4213	5091	5503	6019	6536	6970	7441	7960	8357	8790	9250	9680	10325	11039
1101	2856	4229	5105	5515	6039	6541	6974	7451	7971	8366	8798	9255	9689	10334	11051
1102	2867	4254	5107	5529	6051	6544	6977	7457	7976	8384	8803	9263	9697	10337	11071
1119	2873	4262	5118	5538	6062	6549	6995	7466	7980	8392	8810	9278	9705	10351	11082
1172	2890	4273	5122	5553	6070	6552	7017	7473	7989	8401	8822	9287	9717	10365	11115
1193	2896	4289	5137	5571	6075	6561	7023	7479	7991	8408	8827	9293	9723	10375	11127
1211	2911	4296	5144	5587	6087	6568	7031	7506	7995	8412	8836	9302	9731	10389	11184
1289	2912	4304	5151	5593	6133	6583	7045	7558	7998	8420	8843	9326	9737	10397	11202
1290	2962	4314	5175	5603	6136	6593	7051	7573	8006	8431	8853	9336	9747	10402	11215
1302	3069	4330	5183	5606	6159	6602	7054	7580	8013	8439	8858	9344	9751	10407	11314
1303	3107	4346	5185	5615	6172	6611	7064	7608	8022	8445	8866	9346	9763	10422	11321
1381	3338	4354	5201	5629	6177	6625	7073	7611	8033	8453	8884	9351	9768	10427	11352
1407	3354	4365	5211	5634	6181	6639	7078	7618	8039	8461	8888	9362	9778	10435	11402
1484	3376	4376	5221	5646	6188	6642	7081	7627	8045	8464	8903	9378	9781	10452	11421
1485	3574	4385	5231	5677	6215	6655	7092	7636	8051	8470	8908	9387	9790	10460	11465
1512	3593	4390	5237	5684	6218	6672	7107	7641	8060	8476	8918	9394	9801	10471	11477
1561	3627	4397	5241	5693	6225	6687	7138	7645	8069	8480	8929	9402	9809	10480	11607
1599	3687	4402	5247	5702	6233	6694	7142	7656	8081	8488	8937	9412	9815	10494	11702
1606	3702	4415	5250	5707	6238	6706	7145	7665	8097	8493	8943	9421	9826	10508	11712

Bonds to be so redeemed, will become due and payable and will be paid in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts in said United States of America, at the office of the Principal Paying Agent, Bank of Montreal Trust Company in the Borough of Manhattan, City and State of New York, United States of America, or at any of the offices of the following Paying Agencies: Bank of Montreal in London, England; S.G. Warburg & Co. Limited in London, England; Amsterdam-Rotterdam Bank N.V. in Amsterdam, the Netherlands; Banque de Paris et des Pays-Bas in Paris, France; Banque Francaise de Depots et de Titres in Paris, France; Commerzbank A.G. in Frankfurt am Main, Federal Republic of Germany; Kredietbank N.V., Brussels, Belgium; Kredietbank S.A. in Luxembourg, Grand Duchy of Luxembourg; Westdeutsche Landesbank Girozentrale in Dusseldorf, Federal Republic of Germany, upon presentation and surrender of bonds bearing the above numbers, with all coupons maturing after February 15, 1983 attached.

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OVERSEAS NEWS

Hong Kong citizens offered key to Portuguese door

BY ROBERT COTTRELL IN HONG KONG

HONG KONG citizens are being invited to buy flats in neighbouring Macao which carry with them the prospect of residence rights in Portugal. The scheme, devised by Hong Kong property developer, Trafalgar Housing, exploits Hong Kong's present political nervousness, and Portugal's desire for foreign investment.

Some Hong Kong residents are anxious to establish alternative residence qualifications as Britain's lease over much of Hong Kong approaches expiry in 1997.

With the co-operation of Portuguese and Macanese authorities, Trafalgar Housing—no relation to Britain's Trafalgar House—has tailored the scheme around the 10,000-flat residential estate which it is building on Taipa island, Macao.

Macao—population 400,000—is administered by Portugal, and is 45 minutes from Hong Kong by hovercraft across the Pearl River delta.

Under Portuguese laws passed last year to accommodate the scheme, investors are required to purchase a flat in Taipa, and, at the same time, to make a minimum $30,000 (£18,000) investment directly into Portugal. Application may then be made for Portuguese residency rights.

As Trafalgar's promotional material makes clear, participating investors may, after six years of Portuguese residence, apply for naturalisation. For this purpose, residence in Macao is deemed equivalent to residence in Portugal.

The $30,000 direct investment in Portugal is included in the purchase price of the Taipa flat. The first phase of 500 flats, now on the market, are priced between HK$600,000 (£57,000) and HK$850,000. The investment element of the cash is used to buy preference shares (which pay a fixed 5 per cent rate of interest) in a Portuguese company established by Trafalgar. That company will then invest in Portuguese industry.

Portuguese Investment Associates, the firm set up to administrate the channeling of the investment cash from Taipa to Portugal, numbers among its patrons the President and Prime Minister of Portugal.

Taipa is scheduled to be completed in 1985-87, so purchasers will be buying their flats off the drawing board. Trafalgar received an enthusiastic response for its first tranche of 500 flats offered last Friday, but has hit legal snags. Its advertising lacked prior approval from the colony's Securities Commission, and it is not yet clear whether Trafalgar can market in Hong Kong a package which includes shares in its Portuguese company which has not yet issued a prospectus. Sales in Macao of Taipa flats would, however, fall outside the Hong Kong Securities Commission's jurisdiction.

Pakistan to upgrade inspection of N-plant

VIENNA—Pakistan has reached a substantial measure of agreement with the International Atomic Energy Agency (IAEA) to upgrade agency inspection of a nuclear power station to check that no fuel will be diverted to military use, an IAEA official said yesterday.

But he said that Pakistan is building, or has completed, another nuclear plant, not under IAEA inspection, theoretically capable of reprocessing spent nuclear fuel into weapons-grade plutonium.

Additional safeguard devices, including surveillance of radioactive fuel discharged from the reactor, are being fitted following detailed discussions which began in October 1981, the official said.

Western diplomats have said that Pakistan, which has not signed the nuclear non-proliferation treaty, could meanwhile have produced enough plutonium for a nuclear bomb.

Reuter

Algerian spending to rise by 33%

By Francis Ghilès, North Africa Correspondent

THE ALGERIAN Government plans to spend Dinars 98.67bn (£13.5bn) in its budget approved by the National Assembly. Expenditure will be increased by nearly one third, in contrast to many of Algeria's neighbours.

Spending is evenly split between operating and investment costs, Dn 50.4bn being earmarked for the latter. Net receipts will still come essentially from the oil and gas income earned by the state hydrocarbons monopoly, Sonatrach, which is projected to rise from Dn 48m in 1982 to Dn 59.5bn this year, as a result of the expected start of sale of natural gas to Italy.

Unlike most oil exporting countries, Algeria earned as much last year from its exports of oil and gas as it did in 1981, despite the world glut of oil. Exports of liquefied natural gas and condensates sharply increased. Algeria has become the main foreign supplier of natural gas to France. Last year, hard currency derived from oil and gas exports is estimated to have reached $13bn.

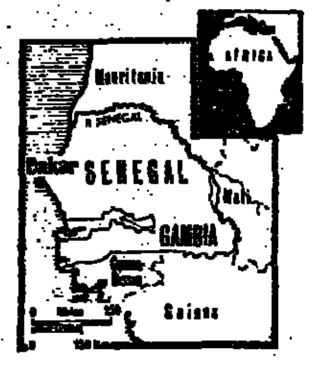
The Algerian authorities resisted the temptation to increase imports very much: they were worth Dn 41.5bn in 1980, Dn 47.5bn in 1981, and estimated Dn 46.5bn last year. They are projected to rise to Dn 50bn this year. The trade surplus, which has remained steady around Dn 15bn for two years is projected to rise to Dn 20bn in 1983.

Algerian exports to the U.S. were halved last year as U.S. companies stopped lifting crude oil because of its high cost. But imports from the U.S. have increased by about 20 per cent to reach $1bn. They include advanced Hercules transport aircraft, oil and gas equipment and army trucks.

Oil and gas will account for less of the state's income this year than last, 60 instead of 65 per cent. Taxes will contribute more, due to greater efficiency in collection and more company activity. As in previous budgets, about one quarter of all expenditure is claimed by education.

Rains refresh Senegal's economy

BY PETER BLACKBURN, RECENTLY IN DAKAR



SINCE Mr Abdou Diouf took over as President of Senegal two years ago, rain has fallen on the drought stricken West African country, the groundnut harvest—which accounts for more than half of its total export earnings—has improved and the economic situation has brightened.

This means Mr Diouf and his Parti Socialiste are now able to approach next month's presidential and legislative elections in a position of some strength.

Following a period in which Senegal was teetering on the brink of economic collapse, gross domestic product (GDP) is expected to have risen by nearly 12 per cent in real terms in 1982 and the balance of payments deficit to have dropped by a third to $280m (£176m). GDP had fallen by a total of 17 per cent between 1978 and 1981.

The recent rescheduling of debts totalling $125m payable in fiscal 1982-1983 to official donors belonging to the Paris Club is further good news. The rescheduling will give Senegal valuable time to consolidate its economic recovery.

A major cause of its previous economic difficulties was a severe drought, which had brought three successive poor groundnut crops. The 1980-81 crop of 200,000 tonnes was the worst since independence from France in 1960 and export earnings from the commodity fell to a trickle. The balance of payments deficit as measured in CFA francs doubled in that year and debt service rose to a record 29 per cent of export earnings.

Senegal survived by obtaining a one-year $75m standby credit from the International Monetary Fund (IMF) which has recently been renewed, and $175m from France and Arab countries, as well as by rescheduling its debts.

An economic recovery programme launched in 1980, supported by a $240m IMF extended fund facility, had to be modified to take account of Senegal's plight. The plan included fiscal, monetary and trade austerity measures designed to restore public finances and restructure the economy. Two main aims were to strengthen the agricultural sector and to encourage private enterprise.

The austerity measures affected officials and peasants alike. Nearly half Senegal's foreign diplomatic missions have been closed. Subsidies on basic food items such as rice, cooking oil, sugar and bread have been removed, although a 40 per cent increase in groundnut producer prices between 1980 and 1982 has helped soften the blow.

The abolition of the inefficient public groundnut marketing board, Oncad, with debts totalling $300m, was a major structural improvement.

After last year's encouraging results, the Government is preparing to launch major investment schemes as the second phase of the recovery plan. These include an $800m iron ore project, a $215m regional fertiliser complex, a $100m peat-fired power station and the 42,000-hectare Diama irrigation scheme in the Senegal River delta.

Next month's elections will be of particular interest because of the existence of 14 political parties — including nine with a Marxist-Leninist stance — representing a country of only 6m people in a continent dominated by one-party regimes. Only one of the parties has said it will not contest the elections.

One of Mr Diouf's first moves after Mr Leopold Senghor, the last president, handed over power in January 1981, was to allow the formation of an unrestricted number of political parties — previously limited to four. Eight parties have formed a common front to contest the elections, but Mr Diouf is still expected to win.

The only opposition party to win seats in the National Assembly during the last elections is the Parti Democratique Socialiste (PDS), but since then, five of the party's 14 deputies in the 100-seat assembly have defected to Mr Diouf's Parti Socialiste.

Apart from the Movement Republican Senegalais — perhaps unique in West Africa for being an avowed Conservative party — all the other parties will be elbowing for the limited space on the left of Sengal's small political scene.

As Mr Senghor's Prime Minister for ten years, Mr Diouf was well groomed for the presidency. The speed and skill with which he has consolidated his position has impressed observers. He has taken the wind out of the opposition by campaigning against corruption, introducing educational reforms and reversing a long economic slide.

Mr Diouf gained popularity when he lifted sanctions against 100 members of the left-wing teachers' trades union and promoted the teaching of Wolof and other local languages in schools.

He has also created closer ties with Senegal's African neighbours as well as with the more moderate Arab countries. However, ties with France remain strong as indicated by the front page coverage given in the government press to recent Franco-Senegalese military manoeuvres. There are still about 1,200 French troops based in Senegal.

Meanwhile, the Government has tried to lessen Senegal's dependence on groundnuts, by promoting fishing, mining and tourism. In addition, the Senegal River basin development programme should assure farmers regular water supplies by the end of the decade. But the country's fortunes will still remain tied to groundnuts for the foreseeable future.

Swapo guerrillas 'expand operations in Namibia'

BY QUENTIN PEEL, AFRICA EDITOR,

THE GUERRILLA forces of the South West Africa People's Organisation (Swapo) are now operating against South African troops in most of the northern half of Namibia, and last year launched more than 800 attacks, according to communique issued by the movement in neighbouring Angola.

South Africa has been forced to station active combat troops as garrisons in most of the major towns north of the capital, Windhoek, because of the expanded operations, the Swapo statement claimed.

Although there are huge discrepancies in the casualty figures issued by both sides in the long-running guerrilla war in the territory, they agree that there has been an increase in South African casualties.

The Swapo communique provides a rare summary of that organisation's version of the war, claiming that its operations have included attacks on military positions, demolition of military, economic and communication installations, landmines and ambushes of South African patrols. It says the "combat zone" now stretches as far south as Otjiwarongo

Whereas the South African figures for 1982 claim 1,268 Swapo guerrillas killed for the loss of only 77 South African and locally-recruited South West African troops. Swapo says that "altogether 2,865 enemy soldiers were put out of action, either killed or wounded."

Swapo claims to have destroyed 79 South African lorries, 37 armoured personnel carriers, 14 helicopters and 20 other aircraft in the 12 months to the end of last November. South Africa issues no comparable figures, but says 139 civilians were killed in 1982, compared with 172 in 1981, while the 77 soldiers killed compares with only 61 in 1981.

Crocker in Mozambique for talks with Machel

BY MICHAEL HOLMAN IN MAPUTO

DR CHESTER CROCKER, the U.S. assistant Secretary of State for Africa, is expected to hold unscheduled talks with President Samora Machel today, according to Government officials here.

Although Dr Crocker is visiting the region, he had not planned a stop in Maputo. But it is understood that the Mozambique Government indicated that it would welcome the chance to meet, and a brief stopover is now likely to take place.

Although no official statement has so far been made, there is little doubt that the main issue today will be the state of negotiations to find a settlement in Namibia, and the related U.S. effort to get Cuban troops to withdraw from neighbouring Angola.

This in turn touches closely on Mozambique's strained relations with South Africa, for the U.S. view is that the Namibian issue should be seen in the context of South Africa's role in the region.

There is evidence that Pretoria is playing an increasingly aggressive role. It maintains a substantial military presence in southern Angola.

Zimbabwe has accused the republic the infiltrating armed dissidents into its southern province of Matabeleland, while there appears little doubt that South Africa provides arms and expertise to the Mozambique Resistance Movement (MRN) which has sabotaged both the railways and the oil pipeline from Beira to Zimbabwe, and is carrying out other acts of violence in many areas of Mozambique.

The growing security problems have led Mozambique to approach several western countries, including Portugal, Britain and France, for military assistance—although the main allies continue to be the Soviet Union and Eastern Bloc countries.

Appeal for food aid as drought hits farmers

By Our Maputo Correspondent

THE MOZAMBIQUE Government yesterday appealed to the international community to help combat the country's cripling drought. The Minister for Internal Trade, Mr Arasda Da Sliva, told a meeting of diplomats that the country faced its most serious food crisis for 50 years.

Officials believe Mozambique will experience a shortfall of some 300,000 tonnes of grain this year. Particularly hard hit by the drought are the southern provinces but most of central Mozambique is also affected. Some 4m people, about a third of the population, will need assistance and there is already evidence of malnutrition in the south.

The country's annual cereal requirement is put at 515,000 tonnes, of which local production in a normal year can provide 180,000 tonnes. Last year only 115,000 tonnes were produced.

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Japanese package likely to liberalise import procedures

BY OUR FAR EAST EDITOR IN TOKYO

JAPAN'S inner cabinet of economic ministers is expected to approve a six-point trade package today which will focus on the liberalisation of import inspection procedures.

The package will incorporate several previously announced tariff cuts and agricultural quota increases, and is clearly aimed at setting the stage for Prime Minister Yasuhiro Nakasone's talks in Washington next week with President Reagan.

One of the main features is expected to be the establishment of a special government co-ordination headquarters which will review the whole apparatus of Japanese inspection procedures over the next two months.

The headquarters will operate directly under the Prime Minister and will clearly be expected to produce results.

Pending its report, a list of 16 specific procedures that are to be relaxed immediately will be included in today's announcement. The list includes the waiving of a rule which requires foreign drug importers to go through the entire process of gaining approval for a new product each time they decide to switch agents in the Japanese market.

A miscellaneous list of measures forming the last point of the package will include preferential loans from the state-run Japan Development Bank for foreign companies investing in Japan, and special loans from the Export-Import Bank to Japanese companies investing abroad.

The package will also feature the opening by the Japan External Trade Organisation—a body affiliated to the Ministry of International Trade and Industry—of Industrial Co-operation and Technology Exchange Centres in seven European and U.S. cities. The offices will promote exchanges of know-how and of specialists.

On the controversial topic of cigarette imports, the package will outline provisions for the unrestricted sale of foreign cigarettes by retailers in Tokyo and Osaka from the end of October this year, and by retailers in other large cities from the end of March. Measures to allow retailers throughout Japan to sell foreign cigarettes freely will be accelerated by the Ministry of Finance.

A section of the package dealing with import promotion will probably outline measures for increasing the effectiveness of Japan's one-year-old trade Ombudsman's office.

The submission of complaints to the office by proxy will be offered as a concession to importers who complain that the public airing of trade grievances exposes them to the risk of retaliation.

A committee of eight "wise men" will be established to review the decisions of the Ombudsman's office on individual cases and hear appeals by importers.

Today's package will be the third to be introduced by Japan since trade frictions with other industrial nations began to increase alarmingly at the end of 1981.

Reuter reports: Thousands of Japanese farmers marched past the heavily-guarded U.S. Embassy in Tokyo yesterday protesting against Washington's efforts to persuade Japan to import more American agricultural products.

Mitsui pulls out of venture with BL

By Charles Smith in Tokyo

MITSUI, one of Japan's giant general trading companies, is withdrawing — by mutual agreement with BL—from a joint venture the two companies set up to boost BL car sales in Japan.

The decision to withdraw follows a year in which BL sales fell sharply in the Japanese market. It also coincides with the increasing success of wholly-owned BL sales companies in other major overseas markets such as the U.S., West Germany and Australia.

Mitsui became a 65 per cent shareholder in Leyland Japan in 1977 (with Leyland holding the remaining 35 per cent) but is said to have decided that, as a trading company involved mainly in importing and exporting, retail car sales lie somewhat beyond its scope.

BL's management, on the other hand, may well have been influenced by the remarkably successful results achieved by BMW in the Japanese market after the Bavarian company decided in late 1981 to buy out its Japanese distributor and launch a wholly-owned sales venture.

Richard Lambert looks at the implications of a New York city subway contract

U.S. dispute becomes export finance test case

A TRADE dispute which is developing into a major test case in the area of export finance is currently coming to a head in Washington. Its outcome will help to determine the U.S. approach to subsidised export finance. The dispute could also challenge the whole system by which U.S. trade laws are administered — and bring a sharp increase in subway fares for New York commuters.

The case hinges on the award by the Metropolitan Transportation Authority (MTA) of New York last June of a contract for 825 subway cars worth nearly $660m (£415m) to Bombardier of Canada.

The deal is being financed by a loan from Canada's Export Development Corporation. This covers 85 per cent of the contract price at an interest rate of 9.7 per cent to be repaid over a 10-year period, which starts six months after the last car is delivered in 1987. These terms are a lot more favourable than those available on the New York capital market last summer.

The terms arose as the result of a bidding war between Bombardier and Francorail, a French consortium, in which Canadian officials appear to have become completely carried away.

According to the U.S. Treasury, "It is clear that the French finacial competition was never as severe as the Canadians believed, and that more scrupulous attention to the exchange of telex information with French authorities could have resulted in Canadian financing at no more favourable terms and conditions than those specified" by Organisation of Economic Co-operation and Development guidelines.

The MTA award prompted a political uproar in the U.S. An unsuccessful bidder for the contract, Budd company of Michigan promptly filed a petition with the U.S. authorities, claiming that U.S. industry would be materially injured by the way the contract had been awarded. This in turn led to an investigation to see if countervailing duties should be imposed on the MTA cars.

Among the many complications of this case is the fact that Budd, a subsidiary of West Germany's Thyssen, had itself intended to have the shell, castings and bolsters (axle supports) and much of the propulsion system for the cars subcontracted to manufacturers outside the U.S. Bombardier, by contrast, intends to procure all the major components, apart from the shells, from within the U.S.

From the early stages, there have been doubts about the case against the Bombardier contract. In July, the U.S. Treasury concluded that even though the financing offer exceeded allowable international limits, it was not the determining factor in the MTA's decision, since Bombardier would have won the contract even if Budd had been able to come up with similar financing. And although the U.S. International Trade Commission decided that there was a case to be answered, one of its members dissented strongly from this opinion.

> ❛ The MTA award prompted a political uproar in the U.S. An unsuccessful bidder for the contract, Budd Company of Michigan, promptly filed a petition with the U.S. authorities, claiming that U.S. industry would be materially injured by the way the contract had been awarded. ❜

But in November, the MTA received shocking news. In its preliminary findings, the U.S. Department of Commerce decided that the financing terms did indeed amount to subsidies within the meaning of the countervailing duty laws, which it assessed at $167,225 per car.

Since the MTA had undertaken to pay any such liabilities on Bombardier's behalf, it was suddenly faced with a potential penalty of no less than $138m.

This figure is based on the difference between the actual cost of the finance and what the Commerce Department estimates Bombardier would have had to pay on a comparable commercial loan.

Naturally enough, the MTA is objecting violently to this conclusion. It says that the MTA's borrowing rate, and not that of Bombardier, should be the benchmark for deciding whether the financing constituted a subsidy. After all, it argues, the MTA is the direct recipient of the Canadian credit — the alternative to which would presumably have had to be a public bond issue by the authority.

Next it argues that October 5 —and not June 10—is the appropriate date for evaluating any subsidy. It was not until the later date that the financing conditions were finally agreed and the MTA claims that, until then, there had been substantial uncertainty about whether the package could actually be sewn up.

It just so happens that interest rates between those two dates fell by nearly four percentage points — taking market rates much closer to those offered by the Canadians.

Finally, the MTA says that there was no question of any injury to U.S. industry in the contract, since it would not have awarded the job to Budd in any case. It claims that financing aside, the U.S. company could not have met its specifications for the job.

The Commerce Department has now brought a new, and highly complex, argument into play. Just before Christmas, it said it was considering valuing the Canadian financing comitment by applying what it called the basic approach of an options pricing methodology.

A subsequent hearing in Washington was largely taken up with hypothetical arguments from a number of investment bankers about how options should be valued and whether this approach made sense.

The MTA says it does not. And it, too, has raised a new issue by seeking the right to cross-examine witnesses and to review and comment on the department's decision before a final determination is issued. Without these basic procedures, the MTA claims, it will be denied "fundamental fairness and due process of law."

The Department of Commerce is due to make its final decision by February 4. If it decides against the MTA, the International Trade Commission will have until March 21 to rule on whether the contract is a threat to U.S. industry. These decisions could have a crucial bearing on the way that imports of heavy capital equipment into the U.S. are financed in future.

Sweden in link with Japan

By David Brown in Stockholm

PERSTORP, the Swedish chemicals group, has reached agreement with Mitsui Mining and Smelting for the production in Japan of its ultra-thin copper foil used to make advanced computer circuits.

Mr Gabriel Munck, manager of the Perstorp Laminates group, called the agreement "a breakthrough in a small but growing market." Circuit board laminates coated with ultra thin copper foil are used to produce so-called "very large-scale" integrated circuits.

The thin foil technology is one alternative in the drive for density and definition in circuits for higher speed computers.

Mitsui is the largest producer of conventional copper foils for the Japanese electronics industry. It will become the first company to add ultra thin foils to its product range on the Japanese home market.

● Siemens has won a DM 220m (£52m) contract from Oman to expand and modernise the national telephone network, Reuter reports from Munich. Siemens said that over two years it will instal digital telephone exchanges, transmisssion systems, local cable networks and a 1,300 km radio link to carry telephone and TV signals.

Siemens will handle project management, civil engineering, infrastructure and the first year's maintenance.

Venezuela alleges discrimination

CARACAS — Venezuela would consider reducing its purchases from Western Europe if Europe continued to discriminate against products from the Venezuelan steel company Sidor, a leading Government official said.

Mr Hernan Soriano, president of the Venezuelan Investments Fund (FIV), which regulates spending of oil income, said members of the EEC had accused Sidor of dumping its products, and was considering restrictive measures.

Following the move by the EEC, he said: "Venezuela feels obliged to promote and adopt within the norms of our laws and our international economic policy, the necessary actions to protect our national industry from all types of external unilateral restrictions."

He said the EEC had claimed that dumping by Sidor was harming the Community's industries.

The action being initiated against Venezuela had not taken into account the record of European trade with Sidor, he said.

Venezuelan steel exports to Western Europe in 1981 totalled $11.5m, while this country imported $200m worth of goods from the EEC the same year, Mr Soriano said.

This showed that Europe enjoyed a trade surplus of $188.5m, he added.

AP

China 'spent nearly £500m on HongKong property'

BY ROBERT COTTRELL IN HONG KONG

CHINA has spent more than HK$5bn (£481m) on property in Hong Kong over the last five years, according to an analysis by the Hong Kong and Shanghai Banking Corporation.

The bank's study of commercial ties between China and Hong Kong also estimates that the 13-strong "family" of China-owned banks in Hong Kong command a 25 to 35 per cent share of the local market, second only to the bank itself, and make "excellent" profits in doing so.

Nanyang Commercial Bank, which has the largest Hong Kong branch network of local Chinese banks, boosted profits from HK$11m in 1978 to HK$65m in 1981, and over the same period increased advances to customers by almost 400 per cent, to HK$3.6bn.

Chinese insurance companies also hold what the bank says is "an important share" of the Hong Kong market, having expanded rapidly in recent years.

Of five Chinese insurance companies operating in Hong Kong, two are locally incorporated. Ming-An Insurance, a non-life group, raised premium income 145 per cent over the three years to 1981 to HK$92m, while China Reinsurance, incorporated in 1980, reported premium income of HK$43m for the first 16 months of its operations.

Industrially, Hong Kong "looks set to remain the major gateway for China's imports of modern technology for its nascent industries," says the bank, though the U.S. has clamped down recently on the export of high-technology plant to China-affiliated concerns now starting manufacture of integrated circuits in the British colony.

In total, Chinese interests control some 300 business concerns in Hong Kong. These include oil storage facilities of 260,000 tons, the second largest in Hong Kong, an unofficial estimate — not cited in the study — of total Chinese investment in Hong Kong is of the order of U.S.$3bn.

While Hong Kong is China's second largest trading partner— after Japan — the study argues that its role is significant as an export market which is readily accessible. Since 1978, Hong Kong has taken one-quarter of China's total exports. Half Hong Kong's food imports, one-quarter of its other consumer goods and one-fifth of its fuel imports come from China.

The study estimates that remittances to China from emigrants in Hong Kong may be of the order of U.S.$400m to U.S.$800m annually. Hong Kong residents visiting China may contribute a further U.S.$400m, or roughly half of China's total tourist revenues.

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AMERICAN NEWS

Latin American debt crisis enhances bank's role

Barbados talks may resolve wrangle over IDB

BY HUGH O'SHAUGHNESSY IN LONDON

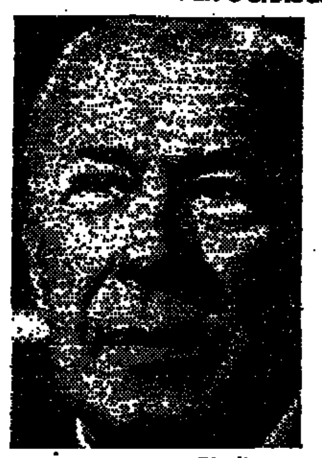
"IT HAS been the longest waltz for a very long time." Thus one prominent banker describes the process of fixing the borrowing and lending capabilities of the Inter-American Development Bank (IDB) for the next four years. This process will be further examined today and tomorrow by the officials of the Bank, meeting in Barbados, and there is some hope, but no certainty, that the issue will finally be resolved after years of wrangling.

As Latin America slides deeper into financial difficulties the IDB is seen by many as an increasingly useful – if modest – instrument to alleviate some economic pressures. Although it is not of a size to deal, for instance, with the Mexican, Brazilian or Argentine foreign debt problems, it can act as something of a cushion.

The problem for the Bank is that this view of its usefulness is not generally shared in President Reagan's Washington, where until recently, the debt problems of the Third World were viewed as difficulties that the countries affected had to get out of by themselves with a minimum of help and where the role of multilateral agencies such as the IDB are seen as subordinate to that of the U.S. Government dealing with individual countries on a bilateral basis. Washington, clearly, has more direct and measurable influence dealing with the Government of, say, Honduras, on a one-to-one basis than it has in dealing with Latin America as a whole through a Bank which has three dozen different governments as members or associates and a bureaucracy of its own.

Thus it is that intense, and at times, ill-tempered debate has been going on at the Washington headquarters of the IDB and in foreign and economy ministries in the Western hemisphere and Western Europe about the level of lending the Bank will undertake in the 1983–6 period.

The Bank's cumulative lending in its 23 years of operations is now well in excess of $20bn. The Latin American countries and many European non-regional members are



Mr George Shultz

looking for a level of around $15bn in the next four years.

For its part, the U.S. had until recently wanted to hold this level down to around $9bn. The word of Washington, the largest single shareholder in the Bank with a third of the issued capital, was and remains important, and it produced a good deal of bad blood when the U.S. government seemed likely to steamroller the lower figure through last year.

The Bank's chances were, however, improved last month when various Latin American leaders took advantage of President Reagan's visit to Brazil, Colombia and some Central American countries to press its case.

Mr Reagan, Mr George Shultz, the Secretary of State, and Mr Donald Regan, the Treasury Secretary, were bombarded with suggestions that the IDB ceiling should be raised and Washington has as a result reluctantly advanced the figure it will allow the Bank to lend between now and 1986 to some $13bn. The next two days will show whether the Latin American governments will go along with that, for them, low figure or make another political appeal to Mr Reagan to come closer to their $15bn figure. Preliminary indications suggest they will make the best of a bad, $13bn, job.

The terms on which they borrow from the Bank will be markedly more expensive in the next few years whatever happens. Hitherto, about a quarter of the Bank's loans have been made at concessionary rates through its soft loan window, the Fund for Special Operations (FSO). Over the past 4 years, ordinary loans came to $5.9bn, while FSO loans came to $2.1bn. From now on, however, the U.S. unwillingness to top up the FSO means that this percentage will drop to around 13 per cent.

With Washington as the major shareholder keeping the increase in the share capital of the Bank in a close straitjacket and unwilling to indulge Latin American governments' preferences for low-interest loans, the IDB will have to come into the market for an increasingly large proportion of its funds. The Bank is expected to seek perhaps $2bn a year in the world's financial markets in the next four years, about double the figure it raised annually over the last four years.

All this has left the Latin American and European members rather upset. The Latin Americans want more money and the Europeans, wanting to repair any damage caused by Britains's war with Argentina last year, and eager to have a share in the regions's major development projects funded by the Bank, want to increase the IDB's resources. Italy and West Germany are said to be particularly keen to see the FSO funded more generously.

They are, however, unwilling to put in a large amount of new cheap money when they see that Uncle Sam is unwilling to match it.

The Europeans also want to see their representation on the board of directors increased from two members to three.

If some of these difficulties and tangles can be sorted out in the next two days in Barbados, the results could be formalised at a governors' meeting in Paris in the first week of next month. If they are not, there will be no meeting in Paris. The Mitterrand Government does not want to be host to a débâcle.

Mexican peso rate for $ debt

By Ronald Buchanan in Mexico City

THE BANK OF MEXICO has announced a special exchange rate for the repayment of the $14bn that the private sector owes to foreign bankers, according to the Government newspaper, El Nacional.

The new rate – about 70 pesos to the dollar, according to the newspaper – would represent a significant relief for businessmen, who had assumed that they would have to repay foreign debt at the "controlled" or commercial rate. The controlled rate stands at almost 98 pesos to the dollar, and is slipping at a fixed rate of about 50 per cent annually.

El Nacional also said that the banks would be allowed to disburse up to $100,000 a time to companies, instead of the $5,000 previously permitted.

Private-sector debtors would also pay a quarterly premium, which would be used to establish an insurance fund in further devaluations of the peso.

The concessions appear to be the result of the new Administration's success in easing exchange controls last month. Senior Bank of Mexico officials have admitted that the "free" rate was originally set artificially high, at 150 pesos to the dollar, to attract people who had been dealing on the black market.

Bolivia pays $11m on debt arrears

By Peter Montagnon in London

BOLIVIA has made a small payment of $11m to help cover interest arrears on its $450m of foreign debt rescheduled in April 1981. The amount covers only a fraction of the $51m of arrears outstanding at the end of last year.

The new Government of Sr Hernán Siles Zuazo initiated talks with a steering committee of Western banks late last year to sort out its immediate debt problems and arrange a further rescheduling to take effect when the present agreement runs out.

The talks, however, made little progress. Further discussions are expected this month but no meeting has yet been arranged.

B. Aires shuts magazine

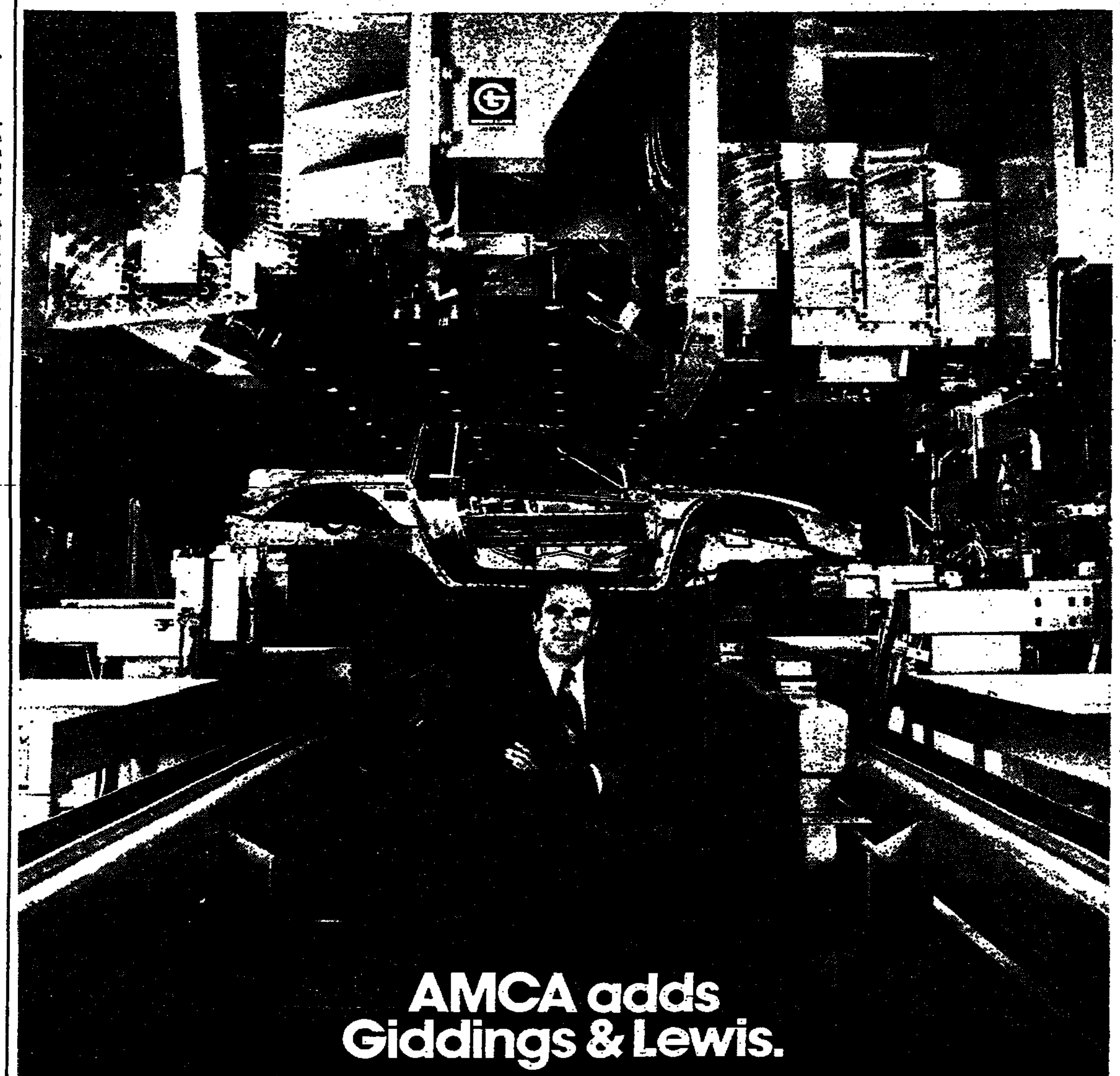
By Our Buenos Aires Correspondent

ARGENTINA'S military government has closed down the outspoken satirical magazine Humor, and seized most of the copies of its latest edition, which was due to go on sale today.

A decree ordering the closure, issued yesterday, said Humor "subverted the institutional order" by "persisting in attributing fraudulent acts, which would constitute public crimes, to official authorities."

Besides carrying cartoons and humourous articles highly critical of the armed forces, the fortnightly magazine published interviews with human rights campaigners and exiled political leaders, which embarrassed the Government.

The latest issue of Humor carries a cover picture of army commander Cristino Nicolaides on a skateboard, with a figure of justice, with sword and scales and one eye blindfolded, falling off behind him. "The law is on roller skates, no chance for justice," reads the caption.



Frank Jones. President of AMCA's Giddings & Lewis unit, at automated machining station. System prepares car body for final assembly.

Merger creates $2 billion leader in industrial technology.

AMCA International Corporation has acquired Giddings & Lewis, a major machine tool manufacturer with sales of close to $400 million in 1981.

The merger is a great fit for both firms, with AMCA Chairman and CEO Kenneth S. Barclay commenting, "Giddings & Lewis is a premier company and a leader in its field."

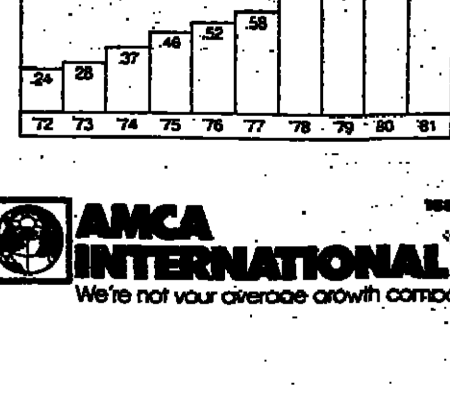
AMCA's long-term plan. Giddings & Lewis gives AMCA a leadership position in numerically-controlled machine tools, robotic and computer-related automated manufacturing and assembly systems.

AMCA, with strong worldwide marketing and financing capabilities, opens new markets for Giddings & Lewis. Following a long-standing AMCA pattern, Giddings & Lewis will continue to operate independently under its present management.

The acquisition creates a worldwide leader in industrial technology with annual sales of about $2 billion. And it continues AMCA's long-term plan to forge a network of companies with projected revenues of at least $5 billion by 1989.

The record so far. The acquisition of Giddings & Lewis is a key factor in our efforts to build on the record of the past ten years, during which AMCA: • multiplied sales more than sixfold. • increased operating income over elevenfold. • increased shareholders' dividends sixfold. • achieved a 29 percent compounded annual rate in earnings per share—better than 95 percent of the Fortune 500. • built return on shareholders' equity from six percent in 1972 to 20 percent in 1981.

Worldwide leader. AMCA International is a worldwide producer of a broad range of industrial products, construction equipment, engineering and construction services, and machine tools. Write for our latest financial report: Dept. FT, AMCA International Limited, 1155 Dorchester Blvd. West, Montreal, Que. H3B 4C7. AMCA, formed 100 years ago as Dominion Bridge, is traded on the Toronto and Montreal exchanges. Listing: AMCA Int.



AMCA INTERNATIONAL

We're not your average growth company.

Weaker pound puts pressure on factory prices

BY ROBIN PAULEY

MANUFACTURERS increased their wholesale prices by 1 per cent in December, the largest rise for 11 months. They were faced with another sharp rise in their fuel and raw material costs, largely because of the decline in the value of sterling.

Department of Industry figures published yesterday show that the 1 per cent rise in December, twice November's rise, took the annual rate of increase in the wholesale prices index to 8 per cent, compared with 7.4 per cent in November, its lowest rate of increase since 1978.

December's rise was the first increase in the annual rate since July. As the movement of wholesale prices is a reliable early indication of future changes in shop prices, yesterday's figures indicate that the Government is likely to find it difficult to achieve its target of 5 per cent average retail price inflation for 1983.

About half of the rises in both November and December were caused by higher prices for petroleum products. This proportion rises to three-quarters for manufactured products other than food, drink and tobacco.

The December wholesale prices index, covering home sales of manufactured products, stands at 248.8 (1975 = 100) compared with 246.4 in November and 245.1 in October.

The impact of the weakening pound has shown up most sharply in the index for industry's fuel and raw material costs, which rose by 1.1 per cent in December to 254.5 (1975 = 100) compared with 251.8 in November and 248.1 in October.

The December rise pushed the annual rate of increase to 7.5 per cent, compared with 6.2 per cent in November and 3.4 per cent in October.

Lower sterling values against the dollar led to higher dollar prices for crude oil imports. Sterling had an average value of \$1.70 in October, \$1.63 in November and \$1.61 in December.

Treasury forecasts lower borrowing

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

PUBLIC SECTOR borrowing is expected to be substantially less for the present financial year than the £9bn forecast in November.

Provisional estimates for the December Central Government Borrowing Requirement (CGBR) issued by the Treasury yesterday show a figure of £2bn for the month. In the nine months April to December the total CGBR was £10.496bn.

This compares with a total public sector borrowing requirement (PSBR) target of £9bn for the full financial year up to March.

However, the main taxpaying months are yet to come and it is, therefore, estimated that the CGBR will be substantially reduced by the end of the financial year.

Unofficial Whitehall estimates now suggest a final figure for the PSBR of about £8bn or perhaps less, although estimates are always subject to a wide margin of error.

The total PSBR is not expected to be greatly different from the central government borrowing requirement this year. This is mainly because of the Government's success in persuading local authorities to switch their borrowing from commercial banks to official sources.

Net lending to local authorities from the National Loans Fund has been £1.6bn so far this financial year, substantially more than was expected.

This lending has increased the CGBR, but it will have no ultimate effect on the PSBR for the year.

More UK news on Page 18

New cars become more reliable

Consumer survey finds Japanese models to be still the most fault-free but others improving

By John Griffiths

CARS HAVE become more reliable over the past five years, with "striking improvements" by Austin Rover, Talbot and Vauxhall, according to a survey by Which?, the consumer magazine. Japanese makes are still the most reliable of all, the survey finds.

According to the survey, 22 per cent of all new cars break down in their first year, although this compares with 28 per cent five years ago.

The survey examines three criteria of reliability: breakdowns, faulty components and persistent problems.

The four cars that came out best in all categories were the Datsun Sunny, Honda Accord, Datsun Bluebird and Volkswagen/Audi's Audi 80.

The survey, based on 20,000 Which? readers' experiences of 49 models, found the least reliable cars to be the Ford Cortina – the UK market leader for many years – Fiat's Mirafiori, Lada, Lancia, Alfasud and Citroen CX.

The reliability of the new Ford Escort, although it has been on the market for only two years, "looks cause for concern," the survey states.

Seven Japanese models were in the top 11 cars with fewest breakdowns. The Audi 80 was ranked fifth, Volvo's 340 seventh and the highest-placed UK built or assembled car, the Vauxhall Astra, ninth. Among the worst performers in terms of breakdowns were the BMW 3-series and the BL Mini.

The six best cars in terms of fewest faulty components were all Japanese, followed by the Audi 80. The highest-placed British cars were the Vauxhall Astra and Carlton, placed 17th and 18th (the new Cavalier model is not covered in the survey).

About three quarters of the cars developed faults in their first year that defied attempts to cure them. Japanese cars were the most free from persistent problems. Six of the top seven cars were from Japan. The Audi 80 was in fifth place.

In terms of breakdowns, BL's rating for reliability ranged between 18th (Austin Maxi) and 43rd (Mini); Talbot between 12th (Sunbeam) and 29th (Horizon); Vauxhall between 9th (Astra) and 34th (Chevette); and Ford between 16th (Granada) and 44th (new Escort).

Estatesmanship!

Means a factory mortgage at only 1% above base

English Industrial Estates new mortgage scheme can really make your business feel at home.

Arranged through the four main clearing banks, it means a mortgage at only 1% over bank base rate. That's for any detached EIE factory or warehouse.

Loans of up to 100% of the purchase price are available, with repayment terms of up to 20 years.

And on new premises, buying can be more attractive still! For example, a purchaser of new industrial property in an Assisted Area may also receive Regional Development Grants which will effectively reduce capital outlay.

Call one of our Regional Estates Managers now. He can detail the advantages of our new mortgage scheme and point you towards the wide range of premises available.

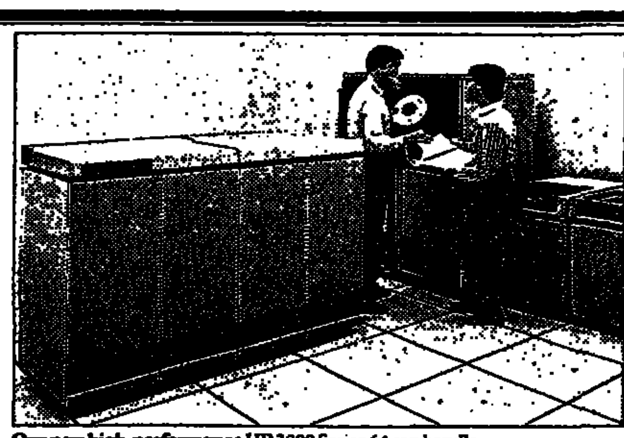
Then you'll know what 'Estatesmanship' is all about.

ENGLISH INDUSTRIAL ESTATES

The Interactive Office.

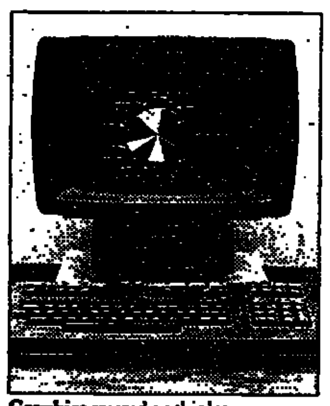

Our new word processor makes text composition and editing fast and simple. Because it is linked to the computer, it can also process data.

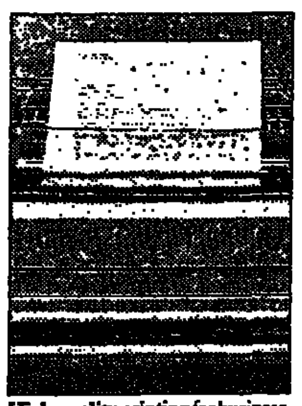

This manager's workstation gives business professionals easy access to the information they need for decision-making, without demanding an understanding of computers.


Our new high-performance HP 3000 Series 64 can handle 100 interactive users while processing big batch jobs like the company's payroll.


Our personal office computer, the HP 125, is specially designed to handle a manager's individual needs—including word processing, graphics, and data analysis. It communicates with big computers, too.


Economical computing with up to 56 terminals. That's what you get from the new HP 3000 Series 40. Use it as a central processor in a small office or as part of a network.


Graphics created on this low-cost terminal can be plotted on paper or transparencies.


High-quality printing for business correspondence and reports can be generated on this letter-quality printer.


Electronic mail and filing for individual users provides the electronic equivalent for an in-tray, out-tray and filing cabinet.


High-volume printing on this laser printing system virtually eliminates pre-printed forms, letterhead stationery and long queues at the copier.


Data communications can expand The Interactive Office across the country or around the world.


Report generation is simplified by new software tools which let business professionals create reports and summaries in minutes without programming.

Hewlett-Packard announces a major contribution to productivity in the office. It allows you to integrate the four major resources your staff need to do their jobs faster and more effectively – document management, personal computing, support for decision making, and communications.

Based on the expanded family of HP 3000 computers, The Interactive Office brings powerful new word processing, data processing and business graphics capabilities to a wide range of users, including secretaries, managers, and other business professionals. Now, much needed power and vital information can be placed in the hands of all who need it – whether they work within the same office or on opposite sides of the world.

If you'd like to see The Interactive Office at work, call your local Hewlett-Packard sales office and we'll arrange a demonstration. You'll see what a difference it can make to your business today, and how it can grow to assure even greater productivity tomorrow.

For more information, send for our new brochure, "The Interactive Office." Write to Hewlett-Packard Ltd, Winnersh, Wokingham, Berks., RG11 5AR. Tel: Wokingham (0734) 784774.

Local HP offices are also at Bristol, Redhill, Southampton, London Colney, Altrincham, Solihull, Castleford, South Queensferry – Scotland, Dublin – Ireland.

When performance must be measured by results.

HEWLETT PACKARD

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

ADVERTISING: BY FIONA McEWAN

The velvet pint pitches for a wider public

Top: the beginning of the Guinnless wonders, a campaign derived from one of half a century ago (right). Peter Marsh aims to take Guinness back to "session" drinking—an image far removed from the toucan's message.

IT'S ABOUT the dearest beer in the country; it's unfashionable; its sales are shrinking and it suffers from a surfeit of toucans. A marketeer's migraine or an advertiser's Everest?

From this week, with the launch of its new advertising campaign that has had the ad industry on the edge of its seat for a year, chances are things will be different for the dark velvet pint.

The name of the grain is Guinness, once the tipple of old ladies and pregnant women—medicinal you understand—(Guinness is Good for you), sculptor of bodies (Guinness for Strength): the beer that launched a hundred memorable posters that scooped awards.

So when exactly a year ago today Guinness abruptly dropped J. Walter Thompson after 13 years in favour of Allen Brady Marsh as part of a new management sweep there was the feeling of what next? Now we are to find out. What's promised is a new fresh look at this old favourite—campaigns have been running for more than 50 years—which had become more memorable for ads than product.

The Guinness family of toucans, ostriches, sea lions and other animals are part of adland folklore in what was the most famous poster campaign of a single product in the UK—possibly the world. After 40 years with S. H. Benson the account moved in 1969 to JWT where the tradition of familiar good humour and punchy style continued: "Every girl should have a little black drink"; "Who said men seldom make passes at girls with glasses?"

But it is this heritage that comes from being, as one adman put it, a Great British Institution, that was in danger of becoming a tripwire. "The problem," as one JWT man explained it, "is in inheriting a legacy—it's strong, black, good, medicinal—while retaining the magic to sell it to beer drinkers."

Ernest Saunders, Guinness's new managing director and a keen marketing brain, spotted this in mooting the agency move last year. Guinness profits had tumbled from their peak of £53m in 1979 to £42m in 1981 and his brief was to stem the flow. End of year results due this month promise to show that Saunders is certainly good for Guinness.

While aware of the valuable Guinness advertising heritage Saunders believes ads should not just entertain but should sell. "The move to ABM was a dynamic updating of the Guinness image," he said this week. "I felt the advertising had lost a little of its relevance to the target market."

The man he chose to spearhead the new direction of Guinness was ebullient Peter Marsh, arguably the most talked about man in the ad industry. His flair for self-publicity is matched only by his zeal on behalf of his clients. Since becoming chairman of ABM in 1974, he has steered the agency in a vertical direction, overdrive all the way. It now lies sixth in the UK's top 10 agencies (Campaign)—the only all-British agency there.

Long silence

"The Guinness heritage is a terrible trap," Marsh admitted this week. "What the hell had toucans got to do with it? We're talking about people drinking beer in pubs. Advertising is about telling people how to use a product with ease and comfort.

"What we had to do was bring it back to today. Plug it into attitudes common to beer drinkers, make ordering a pint a desirable thing to do, take Guinness back to session drinking."

From the outset Saunders and Marsh agreed to "get it right." This has meant one year's research of the most painstaking, no-stone-unturned sort. "The most researched campaign we've ever done," concedes Marsh.

The long silence during 1982 led tongues to wag about problems between clients and agency. "All the talk that we were about to fire ABM was rubbish," says Saunders.

"It's a great credit to the hard work of the agency that the campaign is bang on our strategic target, enjoyable and," he adds emphatically, "going to sell."

ABM's research pinpointed the target market: male draught drinkers (79 per cent of all beer drunk last year was draught) in the C2DE social groups (which make up 71 per cent of all consumers) in the 20- to 34-year-old range (these constitute half all beer drinkers). The aim, too, was to lower the age profile long term and it was decided that volume gains were likely to be made by persuading the occasional Guinness drinkers to drink more.

"Our brief," says account executive Peter Bear "was to normalise the choice of Guinness and popularise the experience of drinking it."

So what about the campaign? This viewer was impressed, amused and even moved to try the dark velvet. The word to conjure with is "Guinnless," which refers to people who have been too long without a Guinness. All the ads feature Friends of the Guinnless helping the Guinnless overcome their Guinnlessness.

This idea lies at the heart of the £7m campaign which breaks on TV tomorrow night. The ads (three commercials so far) take the form of a spoof: in one an amiable fast-talking young man approaches a pair of punks in a pub and asks them how long they've been Guinnless. "A couple of weeks," says one. Persuaded to try a pint, one punk responds with the killing line: "This past fortnight's been a cultural vacuum for me."

From this central idea will flow the Friends of the Guinnless concept which is sure to be fully exploited in the months ahead. Posters, car stickers ("I'm Guinnless, I'm driving"), girlie calendars for the trade, beer mats, lapel stickers (saying "I'm Guinnless, buy me one") will make sure we are all in on the joke.

Which reminds me, I'm feeling rather Guinnless myself right now. . . .

Whither British standards?

Christian Tyler on a government effort to boost UK product competitiveness overseas

IT IS said that the North beat the South in the American Civil War because the Yankees standardised their ammunition. The moral of that piece of history is now to be applied by the British Government in an attempt to prevent industry falling into a long retreat from export markets.

A propaganda campaign is being devised in Whitehall for release in April or May, the theme of which will be "quality" as a means of improving the competitiveness of British goods. The campaign will be the most visible result of a thorough review over the past two years of technical standards—a vast complicated, important but unglamorous business.

Largely because of the enthusiasm of the Prime Minister herself, British standards are being given the most serious attention probably ever paid to them by a Government.

The process began with a report by the Think Tank, one of whose conclusions was that conflicting specifications quoted by different public bodies was hampering firms' industrial efficiency and export chances.

That report led to a White Paper from the Department of Trade in July last year called "Standards, Quality and International Competitiveness." Simultaneously the Cabinet Office's advisory council for applied research and development (ACARD) produced its own analysis, called "Facing International Competition."

Standards have a dual significance for the marketing of products. In so far as they can be aligned internationally they stimulate trade and competition. To the extent that they raise quality—one of the key non-price elements of a product's appeal to the buyer—they should confer a competitive advantage.

The emphasis of the Government's campaign will be on quality, but the route will be through technical standards. In broad terms, the idea is to raise the status and use of British technical standards at home in order to enhance the prestige of UK products abroad. "Made in Britain" used to denote quality; it no longer does so. Secondly, greater support for British standards at home should, it is argued, mean greater negotiating influence for Britain in international standards-writing committees.

The first step on the road back was taken in November when the Government and the British Standards Institution signed a memorandum ushering in a new era of collaboration between them. The Government itself undertook to use the BS standards where possible when drafting regulations and legislation and to encourage their use for public sector purchasing—no easy task. It also promised to put officials onto the various standards-making committees. The BSI undertook to streamline its procedures and work to tighter deadlines where new standards are needed in a hurry. The two parties agreed to consult before agreements are struck with foreign governments, and to take the same line in their dealings with the EEC.

In a few weeks' time the Department of Trade will be publishing a register of about 7,000 companies which satisfy the quality assurance criteria laid down by the BSI or equivalent bodies—a kind of buyers' guide.

Every aspect scrutinised

Many of these companies will be suppliers to the Ministry of Defence because of the peculiar stringencies of defence procurement. It remains to be seen how many others queue up to join the register. To pass the quality assurance test can be an expensive business: almost every aspect of management—from factory lay-out to reject rates—is scrutinised.

One company director declared that his firm had no intention of submitting itself to the process. "What is the point when we are known and accepted for our quality? We often feel that the civil servant doesn't appreciate that little thing called the bottom line. The cost would go into our overheads, raise prices and make us less competitive."

The Government is debating meanwhile whether to take the further step of introducing a national mark to be awarded to all companies that pass the test. One question to be resolved is whether a national mark would supersede the various quality and safety marks already in existence.

From April the DoT will start spending an estimated £1m on its quality campaign. The launch has been somewhat upstaged by the decision of the Department of Industry last week to broadcast its own "Design for Profit" campaign (see this page, January 7). Although good design is clearly closely associated with "quality," there seems to have been no co-ordination between the two Ministries.

The ACARD report observed that "institutional arrangements in the UK are fragmented and, as a result, effort can easily be wasted through duplication, conflicts or lack of contact." It recommended that a "strong interdepartmental committee" be set up.

The quality campaign is set to last over several years, being aimed first at senior industrialists and later to the consumer—perhaps by national advertising. The object is to try to emulate the kind of quality-consciousness found in West Germany for example, where the DIN and other national marks are so well established that the public will not buy products without them. For example the electrical mark in West Germany is VDE. It was a mandatory stamp of approval until the EEC ruled that it was anti-competitive. Even though the VDE mark is no longer mandatory, German shoppers still look for it.

British Ministers have been at pains to stress that their initiative on standards is not protectionist. Nor can they advertise it as a buy-British campaign. Last November the European court ruled, in a case involving the Irish Government, that government financial or material support for "buy national" campaigns are outlawed by the Treaty of Rome.

But that governments do use national standards in order to keep imports out is well-established and in many areas the EEC has made very little progress in eliminating technical barriers to trade as required under Article 100 of the Treaty.

Many British companies have already welcomed the positive purpose of the Government's initiative. But there will undoubtedly be some who see the standards and quality drive in quite another light.

One company, heavily committed to standards work both in the UK and abroad, feels that one of the most positive things the Government could do is to couple its promotion with a blitz on cheap imports that fraudulently claim to be manufactured to a particular British standard. "We would love to see the cheapjack competition killed off," one executive said.

This company is lobbying for a change in the law that would empower customs officials to select goods for testing and impound shipments that were shown to have falsely claimed a BS standard.

Protectionist devices apart, the harmonisation of technical standards that would allow genuine competition between countries is far from easy to achieve. If the consensus system used in Britain to draw up BS standards is slow, it is even more protracted in European or international form.

One reason for enhancing the status of British standards is to consolidate the UK's already considerable presence on international committees: in effect, to increase the UK's bargaining power when countries meet to try to thrash out a common basic specification. Already three-quarters of the 8,000 British Standards Institution papers are derived from international standards. Yet in some basic products—like electrical plugs and sockets—the world is still divided into quasi-colonial spheres of influence.

Compromise is harder

There are three basic systems, American, Continental and British. But despite the long-standing publication of a European standard, called CEE 7, there is no uniformity even on the Continent. Each country takes the bit of CEE 7 that suits it. Where safety is involved, international agreement or compromise is even harder.

At a time when traditional British markets, like Africa and the Gulf are under attack from Japan, the U.S. or other European countries, the promulgation of British standards has become, for some industries, almost a matter of survival. Which is why Derek Spickernell, director general of the BSI, says: "We want people to buy standards, not goods."

Brilliant campaign seeks perfect product.

ALRIGHT, SO NOBODY'S PERFECT

There are actually 4 types of product in Anderson & Lembke's business-to-business advertising book.

The 'this-is-better-and-here's-why' type of product.

The 'there's-something-better-about-this-and-a-good-agency-will-find-out-what-it-is-and-tell-the-world' product.

The 'there-must-be-something-good-about-this-although-nobody-can-quite-put-their-finger-on-it' product.

And then there's the 'frankly this product is a-four-legged-creature-that-barks'.

In our experience this last breed of product is very rare. We can almost always find some clearly defined benefit—it's mainly a matter of determination and hard work.

So, we welcome the first two, roll up our sleeves and tackle the third, and hope the fourth will go away.

THAT BRILLIANT CAMPAIGN

To begin at the end: we produce a rather special type of creative product.

Its main purpose (it does have others) is to plant decision making information in the minds of would-be buyers. And then to make the best prospects physically respond—by phone, coupon, card, or whatever.

Its merits are the merits of clear thinking and plain speech spiced with imagination and leavened with wit.

And that's just the copy.

Anderson & Lembke's art direction also lays it on the line. No purely cosmetic touches, no whimsical self-indulgence distorts its purpose, which is to further the power of an ad to communicate.

Together our words and pictures have garnered over 100 international creative awards in the last 5 years.

But the really brilliant part is that each year our campaigns reap a harvest of over 500,000 sales leads from potential buyers all over the globe.

YOU'LL START WITH A REALISTIC TARGET

With our planning techniques (which include an A&L developed computer based profitability calculation system known as PROCAL) we can tell you whether a target is realistic and what it will take to reach it.

What's more we can predict the outcome of the campaign with reasonable accuracy.

We're not talking about a "Yep this'll work" type of prediction.

We mean actually predicting how many new customers a campaign will locate.

How many sales those customers will generate.

What those sales will be worth to the advertiser.

And what % return you can expect on the money you invest in advertising.

(In fact properly planned business-to-business advertising —i.e. campaigns planned by Anderson & Lembke—can produce a return on investment of well over one hundred percent and sometimes even more.)

WHO WE ARE

Here comes a mouthful: Anderson & Lembke is the world's largest wholly specialised business-to-business advertising agency.

We started in Stockholm in 1963.

Today we have nine offices in London, Scandinavia and the United States.

The Group bills around £38 million.

MIND IF WE NAME DROP?

AccuRay, Alfa-Laval, Asea, Atlas Copco, Bofors, Chubb, Ruberoid, Saab-Scania, SKF and Thorn Ericsson to name but ten of many major European companies A&L works with.

HOW WE CAN HELP YOU

If you want to improve your sales results for the last quarter of 82/3 . . .

If you think that your perfect product deserves more productive advertising . . .

If you think your less-than-perfect product's sales appeal could be enhanced . . .

Then come to Anderson & Lembke's business-to-business advertising seminar (if you're in a big hurry to boost sales an A&L seminar will come to you).

In any case, complete the coupon, return it to us and we'll get in touch within 24 hours.

Just think, with your perfect product, and one of our brilliant campaigns we can't help but make money.

Anderson & Lembke

I'd like to come to your seminar "How business-to-business advertising finds customers, creates sales, makes profits" at 20 Bruton Place, London W1X 7AA. JAN 28 ☐ FEB 11 ☐ FEB 25 ☐ 12.30 pm-2.30 pm. Tick choice of date. Lunch (wine and sandwiches) provided.

I'd like you to present your seminar at my offices. Please call me to arrange it. ☐

Please arrange for me to see a case study of A&L's work in the UK. ☐

I've got a problem I'd like to talk over NOW. Please call me. ☐

Name________ Position________

Company________

Address________

Postcode________ Telephone________

Mail to: Anderson & Lembke Limited, 20 Bruton Place, London W1X 7AA. Telephone: 01-629 4913

TECHNOLOGY

EDITED BY ALAN CANE

FOLLOWING IN THE STEPS OF THOMAS EDISON

The quest for perfect sound

BY ELAINE WILLIAMS

EVER since Thomas Edison recorded voices for the first time on his primitive phonograph, engineers have been obsessed with the quest of reproducing sound perfectly. Now another step towards that end has been taken.

Britain is less than three months away from the launch of a new type of audio record designed to produce superb stereo sound. Philips, the Dutch electronics group, and Sony in Japan will be first to introduce the system whose progress in reaching the market has been rather a stop-go affair with many delays.

The digital disc is the audio equivalent of the LaserVision video disc player that Philips introduced in the middle of 1982. However, the audio disc can play up to one hour's music on a single side and is only 12 cm in diameter.

Controversy

The compact disc, jointly developed by Philips and Sony in Japan, is claimed to give consistently good qualty sound production which is beyond all but the most expensive hi-fi systems available today. In theory the discs have unlimited life and are impervious to dust, dirt and scratches.

Much controversy and many postponements have been a feature of the disc's development. Sony was to have launched its system at the end of last year but changed its mind.

Sony claimed the postponement was due to the inability at the time to produce sufficient players to coincide with the launch. It estimated that the first year's market in the UK would be around 25,000 units.

However, industry observers felt that the delay was also influenced by uncertainty about the market coupled with a lack of suitable recorded material to be sold with the disc. This is a crucial selling factor and the spring launch should allow a sufficient build-up of music to suti all tastes.

Philips plan to launch at least three models this year, two of which will be ready for the launch date. The first two are the CD 200—a top loading model—and a more compact version, the CD 100. They will cost between £50 and £400.

By the end of this week Philips will have demonstration models of the players in 26 shops in the south east of England.

"By March we will have players available for sale to the consumer," said Ray Harris, marketing manager for Philips Audio.

Sony, which also plans to launch its system on March 1 will sell its system for around £500. Mr Ian Duffell, Sony's product manager in the UK, says that the disc has already been a considerable success in Japan where it was launched in October last year.

"We sold 2,000 players in the first week of introduction and we have a waiting list of customers. It's been a phenomenal success," Mr Duffell said.

Initially Sony will launch only one model and has set up a national network of 600 dealers to market its player. Mr Duffell said that several other manufacturers including Toshiba, Marantz and National Panasonic would probably introduce their version of the disc within a year of the initial launch.

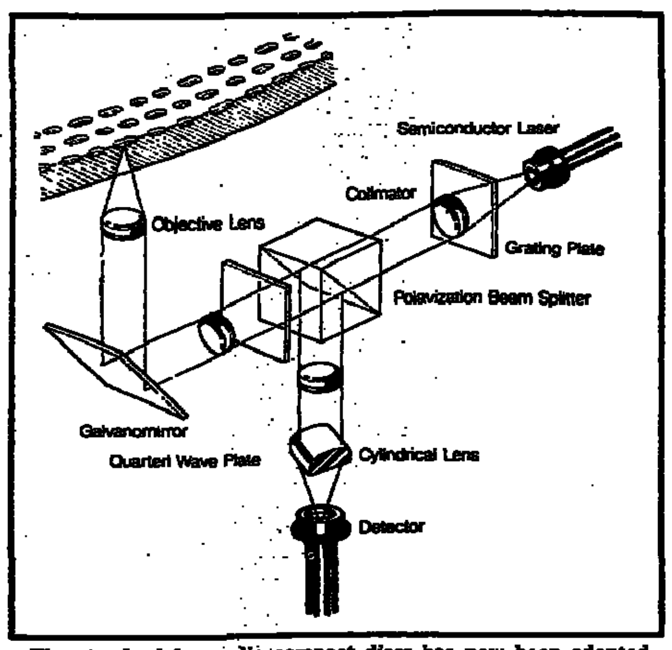
About 30 other major hi-fi manufacturers including Grundig, Bang and Olufsen, Hitachi, Sanyo, Akai and Sharp, have agreed to adopt the system as a worldwide system. Only JVC remains out on a limb as far as the digital disc is concerned. It had planned to launch an audio disc which could be played on its videodisc player. But JVC has shelved its plans to introduce the videodisc system and with it goes the audio system. So JVC is having a major rethink about its plans though it has already spent many millions of pounds on the development of its system.

With the Sony/Philips system sound is encoded on the disc in the form of microscopic pits along a 2.5 mile long helical track on the disc surface. Each compact disc contains more than 5bn digital sound signal bits.

These signals are protected by a thin transparent plastic layer. Dirt and surface scratches do not affect the sound quality as the laser stylus which reads the disc is focused on the pits beneath the surface.

In the player, the disc rotates. Its speed varies from 200 to 500 revolutions a minute. While it spins the fine beam of laser light scans the sequence of pits and spaces. As well as sound information it is possible to code more data on the disc such as track titles and numbers.

This then allows the user to programme the player to play the tracks in any sequence. Alternatively the user has the ability to hunt for a required track at very high speed forwards or backwards. These are facilities which are not normally available on more conventional record decks.



The standard for audio compact discs has now been adopted by more than 30 companies. The laser beam stylus reads the pits and spaces between as a digital code.

The players will link into existing amplifier systems so the investment in new equipment is restricted to the player itself. Discs will be more expensive than most of the LPs available today retailing at around £8.

At present there are only two sources of disc production as many record companies are reluctant to commit themselves to the large investment in disc making equipment before they can see a large market for them.

However all the major record companies, with the notable exception of EMI, have agreed to provide materials for recording onto disc at one of the major plants already in existence.

Polygram, which is partly owned by Philips, will cater for the European market. It has invested more than £10m in setting up and running its disc factory which is based in Hanover. This can turn out about 5m discs a year. CBS-Sony will make the discs for the Japanese market. CBS in the U.S. is also believed to be committed to building a plant there but initially discs will have to be imported in the U.S.

The disc making process is far more complicated than the conventional methods for making LPs and is more akin to the manufacture of silicon chips.

The process involves preparing a master disc by coating a glass plate with photoresistive material which is sensitive to ultraviolet light.

Then a powerful laser beam cuts out the tiny microscopic pits which correspond to the digitally encoded audio sound signal.

After undergoing a silvering process, this glass master is pressed against a nickel plate to form a reverse copy. This nickel master is then used to make several production stampers.

Discs can then be made using an injection moulding technique or stamped out in a similar way to conventional discs. Once stamped, the discs are covered in a thin layer of aluminium so that it can be read by the stylus. Finally the protective plaster layer is added.

The disc comes at a time when audio record sales are at a low ebb and needs some new stimulus to sales. Though hopeful that the disc can provide a much needed boost to sales few companies are prepared to take the first step and make the necessary investment in the technology to make them.

SOLAR ENERGY

Cost factors impinge on self sufficient power supplies

BY GEOFFREY CHARLISH

WHETHER OR not we shall soon see electrically self-sufficient premises with their rooftops covered in solar cells (such predictions have already been made in Japan for the mid-1980s) hinges mainly on two cost factors.

One is the price of the cell itself per watt generated, and the other is the cell's efficiency in converting sunlight energy to electrical energy.

Most of the world's electrical groups are working on it. According to AEG, which has recently built a solar research station near Hamburg, a one-watt cell will cost only DM 5 (£1.25) "at the outside" in five years' time. The present price is about DM 25 (£6.25).

The AEG researchers believe that, on the DM 5 basis, and assuming a useful life of about 20 years, such units could produce a unit of electricity (one kilowatt-hour) for about 30 pfennigs (8p). Although this is twice the cost of power generated by conventional means, AEG thinks it is low enough for areas where connection of a conventional supply is difficult or impossible.

The German company does not indicate the conversion efficiency upon which these figures are based, although levels between 7.5 per cent (Japan) and 10 per cent (RCA) have been announced.

Amorphous

In consultation with one of the world's largest silicon makers, Wacker-Chemie in Southern Germany, AEG aims to reach the DM 5 per watt manufacturing cost by 1985, followed by a two-year build-up of production plant.

Cells used will be based on amorphous silicon and will be about 0.4mm thick, with dimensions of either 5 x 5 or 10 x 10 cms. Such cells are about 10 per cent less efficient than those cut from solid crystalline silicon bars and used in space technology. The process is cheaper, however, since it consumes less energy. But it uses vacuum deposition, involving batch production, and AEG engineers are aiming to develop a continuous process which requires no vacuum.

In complete systems, battery storage of the current from the cells is employed, the battery output being then converted to 50 Hz AC for most applications.

Some 19 solar energy pilot projects with outputs between 30 and 300 kilowatts are to be set up in Europe in 1983. One of the largest will supply the German North Sea island of Pellworm at 300 kW.

In the U.S. a 1000 kW solar plant went into operation last April in Southern California. In Japan, the Shikoku Power Company has built an experimental plant with an initial capacity of 354 kW, to be expanded eventually to 1000 kW.

PERSONAL COMPUTERS

'Look alike' computer at about two thirds of IBM price

WITHIN WEEKS of the official UK appearance of the IBM personal computer, the Egham, Surrey company Computer Ancillaries has introduced a "look-alike" which, it is claimed, can do all the IBM machine can do at about two thirds of the price.

Designated CAL-PC, the machine has a twin processor structure allowing either eight or 16 bit processing to be undertaken, the assumption being that there is a good deal of eight bit software available but very little 16 bit. Users starting on an eight bit basis will be able to move up to 16 bit when more becomes available—with no operating upheavals. The machine also has an RS422 interface that will allow networking.

In multi-user applications, four users can be supported with up to four programs. The machine can also link with telex, Prestel and other information networks.

Two 400k floppy disc drives are incorporated, although optionally 1.6 megabyte floppies, or 5.25 inch winchesters can be built in, the latter with five, 10 or 15 megabytes of storage.

The machine's keyboard is exactly the same as that used by IBM (it is made by the same manufacturer), which means that IBM software manuals will be suitable for existing IBM software manuals will be suitable for existing IBM users who decide to acquire a CAL-PC.

Operating systems for the new machine are CP/M, CP/M 86, MS-DOS and BOS, and a full language range for the various operating systems are supported by the company.

On the application side, software covers all the usual business requirements, including financial modelling and information retrieval. There are also specialist 16 bit multi-user packages for accountants, solicitors, doctors, insurance brokers, printers and estate agents. All CALs existing software for its Caltext Micro machine has also been transferred to the CAL-PC.

The machine will be sold through distributors, and some 2000 units have already been ordered by Computer Accessories and Peripherals, CAL's main outlet, for supply to dealers. CAL will handle major accounts itself.

The basic price of the machine, with 128k of random access memory, two floppies, screen, keyboard and two additional ports is £1,995. With the addition of a 17 cps daisywheel printer, any four user packages, training, installation and a one year guarantee, the figure rises to £2,945.

Contract Research & Development–Contact IRD

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Robots

Japanese range

THE TOSHIBA range of industrial robots is to be marketed in the UK and Germany through Evershed Robotics of Chertsey in Surrey.

The company's XI-5 welding and transfer robots are widely used in Japan by manufacturers such as Toyota and Suzuki.

Toshiba recently announced what it claimed to be the world's first visual sensor-equipped robot system. It uses robots with two arms that interact with each other to duplicate the complex movements of an actual production line worker.

One of the robots is equipped with a charge coupled device (CCD) camera which monitors object positions enabling a variety of assembly tasks to be undertaken. Evershed Robotics is on 09328 61181.

Workstations

High speeds

EXCEPTIONALLY high processing speeds are claimed for a new generation of workstation displays put on the market by Intergraph.

Designated DSP041 (monochrome) and DSP042 (colour), the units deploy three processors for display computational work instead of the central processor. In addition, 0.8 megabyte of internal memory enables the units to hold complete engineering designs.

Thus specific designs are found, selected and positioned on the screen, again without burdening the host processor. The result for the design engineer is instant response at the terminal. More on 0635 49044.

GEOFFREY CHARLISH

FINANCIAL TIMES 11th May 1982

Digital's computers undercut competitors

BY LOUISE KEHOE IN SAN FRANCISCO

DIGITAL EQUIPMENT (DEC) has sent a shock wave through the personal computer industry with its introduction of a new range of high performance-low cost machines. DEC has been expected to enter the personal computer market for over a year; yesterday, the world's leading minicomputer manufacturer made its move.

DEC is introducing three machines—personal computers for the business environment—each offering improved performance over competitors' machines. The shock was not so much the performance as the low prices of the DEC ... the same time offering more powerful computers.

DEC will sell its personal computers in retail stores, as well as direct to corporate customers.

"The Professional," as DEC calls its top rated personal computer, is aimed at the executive—to become his personal "workstation." For $5,000, the DEC machine offers "twice the performance of the IBM personal computer at the same price," says Mr Dale Kutnick, the industry analyst of the Boston Yankee group. A machine with a more equal performance ...

... stations of the DEC Professional will be installed by 1985, he predicts.

The DEC Professional, and the stripped-down model which sells for $3,500 ... programs by adopting the CP/M operating system.

Apple Computer is particularly vulnerable to the new DEC competition because it has to bring to market a comparable "16-bit" system ...

IBM USER July 1982

News

Personal fever as DEC debuts

THE LAUNCH by Digital Equipment (DEC) of three personal computers has taken place simultaneously in Britain and the US.

The move by the world's biggest minicomputer maker is a major challenge to IBM, whose own Personal Computer ... unavailable ...

... puters, but reluctant to deal with companies they are unfamiliar with.

US analysts have been reasonably impressed with DEC's new offerings. They believe that ...

... start at around £2,500.

Another entrant at the upper end of the personal computer market this summer has ...

DATA LINK 24th May 1982

Software firms eye new DEC micros

THE NEW microsystems with which Digital Equipment hopes to conquer the personal business computer market are already exerting a magnetic pull on software producers.

Two of the first companies in the UK to confirm that they have adapted their software to run on the DEC machines are Applied Data Research and Peachtree Software.

"We've signed a deal with DEC to provide it with suitable versions of our Empire accounting software suite," ADR's Nick Pollard told Datalink.

"There has been very close collaboration between the two companies."

COMPUTING 13th May 1982

DEC makes waves in the personal pond

Digital Equipment (DEC) has thrown its personal computers into the pool, creating waves which will sink some other vendors and eat away at the shoreline of the market.

ENGINEERING TODAY 17th May 1982

COMPUTERS

DEC aims to bury its competitors

DEC's new personal computer will even put the heat on IBM

Having underwhelmed the world with its Office Plus announcement recently, Digital Equipment (DEC) seems to have delivered a big winner with its family of four personal computers launched last week at a teleconference linking London, Toronto and Boston.

DEC's founder-president, Kenneth Olsen, had said before the launch that DEC intended ... But it looks as though even ...

... the program loaded is in 8-bit or 16-bit format. This makes it much more flexible than the IBM personal computer and, at £2,400, it is very competitively priced against the IBM machine which costs just under £3,000.

DEC's top-brass stress that the machines have been designed to run the widest possible range of applications programs ...

MICRO DECISION July 1982

DEC's Rainbow offers good software choice

Digital Equipment, best known in the minicomputer world as DEC, has finally made its entry into microcomputers – and looks likely to make quite a splash.

The launch of the Rainbow 100 personal computer combined with two micro ... systems ... company's ...

... that the customer gets the widest possible choice of business software.

But for most people the first thing to notice is the pricing. DEC will offer the Rainbow at between £2,000 and £2,4.. including the two processor computer, display and two disk ...

At last there is something the experts are agreed on.

You can usually count on experts to agree only to disagree.

Until, of course, they're confronted with products as exceptional as our new personal computers.

But even then we have to admit there was not complete accord.

Some were obviously impressed by the Rainbow 100 which has both 8-bit and 16-bit processors.

It's like two computers in one.

At the same time others were undoubtedly swayed more by the Professional 300 series which puts true PDP-11 minicomputer power in a personal computer for the first time.

Still, they could all wax lyrical over the amount of ready to run software available for each model. Or the DECmate II office management system. Or the service options. Or the price. Or the networking potential.

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JOBS COLUMN

Doubts on rewards of accountancy careers

BY MICHAEL DIXON

Professional Institute	Average pay £	Range covered by 1 s.d. from mean (68% of sample) £	Most frequent pay level £
Chartered, England & Wales	15,316	8,573-22,059	11,000
Certified	14,856	9,413 20,299	13,000
Chartered, Scotland	14,284	7,978-20,590	11,000
Cost & Management	14,224	9,092-19,356	13,000
Public Finance & Accountancy	13,633	9,317-17,949	11,000
Whole sample	14,612	8,706-20,518	11,000

SOMEWHERE in Britain works a qualified accountant whose perks include dung for the garden. Or so the person in question told Professor John Small and Mrs Marilyn Stone of Heriot-Watt University when they were surveying the rewards of getting on for 700 professional accountants. The survey — covering the year to September 1982 and intended to be the first of an annual series — will be published by Gee (27-33, Charing Cross Road, London WC2H 0AU) next Monday.

Since I have not stumbled upon fertiliser as a fringe benefit before, my first reaction was to hope that it is supplied at the employee's request. Otherwise, if he or she just has an unsolicited sackful dumped on the desktop every payday . . . well, it's the sort of compliment that could be taken two ways.

But after looking through the survey's finding, I began to suspect that the accountant in question did not intend the statement to be taken literally it might rather have been meant as a metaphorical expression of discontent. For the Heriot-Watt findings suggest that in most instances the rewards of accountancy are a good deal less than they are popularly believed to be.

As is shown by the bottom line of the accompanying table (which also breaks down the figures under the five main qualifying bodies in Britain, including the one most prominent in the public sector) the average pay among all the people who took part in the study was £14,612 a year. The range falling within one standard deviation of the average, which included 68 per cent of the total, was £8,706 to £20,518. The most commonly found pay was £11,000.

Of the more usual, less exotic kinds of perk, company cars were enjoyed by 49.4 per cent, health insurance schemes by 38.1 per cent and an inflation-proofed pension by 29.6 per cent. But such valuable fringe benefits were largely the province of people with considerably more than the average pay.

So the rewards of an accountancy qualification are in general modest when one considers that the Wren survey of London banking staff in the first half of 1982 showed that no fewer than 46 different categories of them had average salaries above the overall mean of £14,612 for Heriot-Watt's accountants. What is more, the average value of extra benefits among City bankers is about 50 per cent of salary.

It is true that about one in every 20 of the accountants was paid more than twice the overall mean. Those paid £30,000-plus included 9 per cent of the employees of professional accountancy practices, 5 per cent of those elsewhere in commerce, and a mere 2 per cent of the industrial variety. (One of the most opulent was a university lecturer who does a lot of consulting.)

But what is just as true and more surprising is that about 70 per cent of the total sample were paid less than the £14,612 average.

Another finding which is surely at odds with popular expectation is that accountants do not appear to prosper by changing employers. Among those who had stayed with the same organisation for at least the previous 10 years, the average was £16,100. Those who had changed once during the period had a mean of £14,547, twice-changers one of £13,045, thrice-changers £12,754 and flibbertigibbets with four or more shifts in a decade an average of £12,133.

The most likely explanation of the survey results in Professor Small's and Mrs Stone's view is that accountancy is now a profession with a heavy concentration of members in the younger age groups. Perhaps, the two investigators suggest, the various professional institutes should start considering whether the realistic prospects of highly paid careers for accountants are sufficient to justify continuation of the headlong recruitment of trainees into the profession.

The extent of the recruiting is indicated by the work taken up by people leaving the United Kingdom's universities and polytechnics after completing bachelor-level degress.

Of the 47,593 new graduates who became available for employment in the UK in 1981, for instance, 7 per cent were taken on by professional accountancy practices alone. That excludes the number who began studying for membership of the Certified, Cost and Management, and Public Finance institutes on starting work in other kinds of organisation.

How many took this second route to qualification cannot be divined from the statistics. But it is likely that aspiring accountants of one sort or another made up the great majority of the total of 5,623 or almost 12 per cent of the available new graduates in 1981 who went into financial work.

By contrast only 8 per cent took up engineering research, design and development, and 6 per cent entered marketing, sales or purchasing jobs. Perhaps Britain would not be in such a pickle if the share of its most expensively educated young people entering the economic contest as producers and sellers were much instead of marginally greater than the proportion recruited largely to record the results.

Software

RECRUITER Nicholas St. John-Moore of Executive Appointments seeks a managing director designate for a subsidiary of the Package Programs computer-software group. The subsidiary specialises in selling accounting systems.

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THE REST of today's recruiters may not name their client and so promise not to identify any applicant who so requests to the employer.

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PURCHASING MANAGER

c.£10,000 + benefits. Review 1st April 1983.

Project Office Furniture Limited, a major multi-sited manufacturer of wooden office furniture, as part of their policy of planned growth and expansion, are now seeking an experienced and enthusiastic Purchasing Manager to take full control of the centralised purchasing function.

Reporting to the Technical Director, the successful applicant, probably in the age range 35-45 years, will be expected to assume immediate responsibility for taking this small but highly skilled buying team into its next stage of development. This will involve the usual range of procurement responsibilities for materials valued in excess of £4 million p.a. and will include computerisation and re-structuring of the department.

Full product knowledge, which is specialised, will be provided through training, but candidates who can offer membership of the IPS with experience in a similar manufacturing environment, will be at an advantage.

In addition to the five-figure salary and benefits package, the company offers full re-location costs where appropriate.

Write for application form and full job description from The Personnel Manager, Project Office Furniture Ltd., Hamlet Green, HAVERHILL, Suffolk.

PROJECT

OPERATIONS MANAGER

Major & Expanding International Bank

Our Client is a substantial international bank with significant plans for the development of its operations world-wide.

The immediate requirement is for an experienced banker to assume total responsibility, reporting direct to the branch manager, for the control and development of the bank's financial accounting, management reporting and overall banking operations.

Candidates, either international bankers and/or Chartered Accountants in their mid 30's, will possess at least 5 years in the financial and operations areas of international banking. A good knowledge of multi-currency accounting and computerised systems is regarded as essential, as are personal qualities of maturity and leadership.

This is a key appointment with a growing institution of stature. Salary will be negotiable from £25,000, and traditional banking benefits will also include a car.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside · London EC2 · Telephone 01-248 3812 3 4 5

Management Selection · Executive Search

GILTS
-A Leadership Role

Our clients are a major firm of Stockbrokers with a well-established gilt-edged business. Plans for substantial further development have created the need for an experienced broker to lead a medium/long gilt sales team.

Candidates will not only have experience of servicing long-term investors at senior level, but will also have the intellectual ability expected of a firm that has a first-class reputation in all areas of investment research.

This position provides a rare opportunity to make a major contribution to a successful and expanding firm. Prospects are outstanding. SALARY IS OPEN TO NEGOTIATION BUT IS UNLIKELY TO PROVE A PROBLEM FOR THE RIGHT CANDIDATE.

Please apply to Jock Coutts at Career Plan Ltd. 01-242 5775 (Home No. 0767 50804 between 7.30 and 9pm).

Chichester House, Chichester Rents, **Career plan** LIMITED London WC2A 1EG. Tel: 01-242 5775

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Please telephone Max Hellicar on 01-405 5361

DEAN CLOSE SCHOOL

CHELTENHAM

The Governors invite applications for the post of BURSAR and CLERK. Candidates should be aged between 30 and 50 and have administrative experience. Appointment not later than 1st September 1983.

Further particulars and application forms are obtainable from:

Sir Leonard Hooper, c/o Rickerbys
PO Box 56, Cheltenham
Glos GL50 2JL

MARINE CLAIMS ADJUSTER for City reinsurance/insurance company. Number Two in the Marine Dept. and deputising in Manager's absence. Reinsurance. direct, treaty and facultative international business. £10,000. Reed Insurance Appointments, 25 Lime Street. EC3. Tel. 01-621 0733.

David Grove Associates
Bank Personnel Recruitment
60 Cheapside, London EC2V 6AX
Telephone: 01-248 1858

CHIEF DEALER - LONDON

Our client is a long-established International Bank of high repute with world-wide representation, total assets in excess of £7,000 million.

The Bank wishes to recruit a Chief Dealer to the London office, reporting to the appointed Treasury Manager.

Within the usual parameters of a Chief Dealer's position, the appointee will be called upon to have specific responsibility for the dollar and sterling deposit books which will have critical importance in the development of the London operations of our client. In addition to having a successful record in these markets, candidates will have had good exposure to dealing in major currencies.

Candidates should be holding a senior dealing position with a prominent market name at the present time and their curricula vitae will evidence a mature approach to their careers. Preferred age is between 30 and 38 years.

Salary will be by negotiation but a range of £25,000-30,000 is envisaged with an attractive range of fringe benefits. The Bank's remuneration policy is achievement related.

Applications, which will be treated in the strictest confidence, should be addressed to David Grove at 60 Cheapside, London. EC2V 6AX.

HEAD OF CORPORATE FINANCE

STOCKBROKING

A leading and broadly-based firm of stockbrokers is looking for a suitably qualified person to head up and develop its corporate department.

The successful candidate will have a complete understanding of the role corporate finance plays within a stockbroking firm and the advisory services provided for client companies. He/She will possess the drive and leadership necessary to increase the success and expansion of the department and will have every encouragement and freedom to do so.

The rewards will reflect handsomely the vital importance of this position which should result in an early Partnership.

Ambitious persons are invited to write in confidence to:—

**Neil Corby,
27, Old Bond Street,
London, W1X 3AA.**

Banking Personnel

The Executive Banking Appointments Specialists

EUROBOND TRADER £25,000+

A senior opportunity in one of the world's most progressive American Banks. Our client seeks a self-motivated dealing professional with at least three years' sound Eurobonds experience to complement their existing, highly successful team.

SENIOR SPOT DEALER £20,000

Due to expansion this prominent, highly respected European International Bank seeks to recruit a top level Spot Dealer. The ideal candidate will be mid to late 20s with sound experience and a progressive, self-motivated work style.

ACCOUNTANTS IN BANKING £10,000-£15,000

Several of our Merchant and International Banking clients currently seek qualified Accountants for positions ranging from overseas audit to financial analysis and management accounting roles. Ideally candidates will be in the 25-35 age group, fully qualified and with at least one year's Banking or similar experience.

For further details on the above positions please contact Lewis Marshall, General Manager in strictest confidence

41/42 London Wall, London EC2. Tel: 01-588 0781

High Calibre Professional Bankers

As a result of continuing expansion, The Trustee Savings Bank of Eastern England need a number of Assistant Branch Managers at certain key branches within the East Midlands and East Anglian Region.

These are important appointments at some of our larger branches where you would be an integral member of the management team and be responsible, in conjunction with the Branch Manager, for the development of commercial business and lending.

We are looking, therefore, for qualified bankers who already possess in depth experience of retail banking and commercial lending plus the enthusiasm and personality to become actively involved in the development of new business.

In particular, you should possess detailed experience of charged securities, advances control and applications, and possess supervisory skills.

Salary will be within the range £8200 – £12000, dependent upon your present grade and experience. Additional benefits are those normally associated with a major and progressive banking group.

Able and ambitious men and women who seek a demanding banking role coupled with career opportunities to reach senior management, should send a detailed C.V. to: Mr C. D. Taylor, Head of Personnel, Trustee Savings Bank of Eastern England, Apex House, Oundle Road, Peterborough PE2 9NW.

The closing date for receipt of applications is Monday, January 24th 1983.

TSB

TRUSTEE SAVINGS BANK *of Eastern England*

Air Cargo Manager

To lead a major new business initiative

to £16,000pa + Car — **Head Office—Gatwick**

British Airports own and operate seven major airports in the UK.

In conjunction with the air cargo industry we have begun a major initiative to encourage cargo agents and shippers worldwide to make greater use of our airports, particularly Heathrow and Gatwick. We have therefore created the new post of Cargo Manager to lead this important new project.

Our need is for an experienced air cargo professional who believes he or she can make a significant contribution to the growth of air cargo business by promoting and developing the full potential at our airports.

If you believe you have the experience and ability to ensure the success of this vital initiative, please write with full details of your career to date to: Julie Shield, Personnel, Head Office, British Airports Authority, Gatwick Airport, Gatwick, West Sussex RH6 0HZ. Closing date for applications 28 January 1983.

British Airports

TOP EXECUTIVE
SHIPPING

Commencing at a salary in excess of £15,000 per annum

Major international shipping organisation is about to appoint a senior executive, who will be responsible for financial and administrative aspects worldwide.

This appointment, which will be generously remunerated, demands considerable initiative and carries substantial responsibility. The successful candidate, who will be based in London, will probably be aged between 35 and 45, with a knowledge of shipping gained through relevant experience in banking, the industry itself, or the legal or accountancy professions.

Please write in the first instance, with full details of qualifications, career and experience, to:—

**Mr. Gervase Hulbert,
MOORE STEPHENS INTERNATIONAL LIMITED,
Management Services Division,
St. Paul's House,
Warwick Lane, London EC4P 4BN.**

Investment Analyst

Building, Engineering, Pharmaceutical and Chemical Sectors – UK Market

BP Pension Fund require an Investment Analyst to undertake research in these sectors of the UK market.

The position will involve close collaboration with the Portfolio Managers and provision of both oral and written advice on a regular basis. Some original analysis will be required.

Applicants, ideally under 30, must have a degree or professional qualification and at least 2 years' experience, preferably in the Investment Department of a financial institution. Knowledge of some of the relevant sectors is desirable.

In addition to a competitive salary, the package includes a non-contributory pension scheme and other benefits.

Please apply in writing, giving details of age, qualifications and experience, quoting reference B.65, to: Mrs. Christine MacCarrick, The British Petroleum Company p.l.c., Recruitment and Placement Branch, Britannic House, Moor Lane, London EC2Y 9BU.

BP **The British Petroleum Company p.l.c.**

ACCOUNT OFFICER 28+ — **Salary £15/£20,000**
A leading international bank is currently seeking a self motivated lending/marketing officer. The ideal candidate will be currently working for a good named bank at Account Officer level and be specialising in U.K. contracts.

Please contact: Brenda Shepherd

TRAINEE OPERATIONS SUPPORT SPECIALIST — **Salary £8,500/£11,000**
A rare opportunity is offered by a respected U.S. bank. The successful applicant will be currently working for an international bank, studying for their AIB and preferably with a good knowledge of another European language. After an initial 6 months training period in the banks London office there will be a degree of overseas travel.

Please contact: Brenda Shepherd

SPOT CURRENCY DEALERS — **Salary £15/£20,000**
Two well known international banks enjoying good reputations in the money markets are seeking to increase their activities in spot trading.

Please contact: David Little or Diana Warner

BOND TRADING — **Salary £10/£15,000**
A major force in the international bond markets is seeking a young trader, hopefully with previous experience in eurobonds, however, capable dealers on the stock exchange or money markets may be eligible.

Please contact: David Little

INTERNAL AUDIT-BANKING — **Salary c£10,000**
A young auditor with previous banking experience is required by a thriving European bank. Knowledge of all areas of banking is more important than qualifications.

Please contact: Diana Warner

A.C.A.'s — **Salary £12/16,000**
Merchant bank requires young qualified accountant to assume responsibility for management accounts and statutory returns, and also an international bank is seeking qualified accountants with experience in banking to assume unusual and interesting responsibilities.

Please contact: Paul Trumble

CREDIT ANALYST — **Salary £10,000**
Prestigious Merchant Bank seeks a young experienced credit analyst to join its International loans team. Experience of corporate & country risk is essential.

Please contact: David Little

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate · London EC2M 4LX · 01 623 1266

INTERNATIONAL BANKING

U.K. CORPORATE MARKETING — **c. £20,000**
Aggressively expanding international bank seeks an equally energetic banker, aged c. 35, with substantial experience of U.K. corporate business development, plus strong managerial potential.

SENIOR M/MENT. ACCOUNTANT — **c. £13,000**
Prominent City bank seeks someone who combines sound knowledge of International Bank Accounting principles and practice with the ability to manage and motivate others.

EXPORT FINANCE — **neg. c. £11,000**
Major international bank seeks someone with really sound experience of the analysis and administration of Buyer/Supplier Credits, ECGD, etc., to help build this profitable side of their business.

F.X. SUPERVISOR — **c. £10,000**
The task is to manage a team of 5 looking after all aspects of F.X. "back up", demanding extensive technical knowledge and experience and strong supervisory ability.

DOCUMENTARY CREDITS — **neg. c. £10,000**
Small but very active U.S. bank extends both responsibility and prospects to a capable young banker, 25/30, with good all-round experience and personal maturity.

Please tel:. John Chiverton, Trevor Williams or Ann Costello

JOHN CHIVERTON ASSOCIATES LTD.
5, CASTLE COURT, LONDON, E.C.3, 01-623 3861

Senior Institutional Marketing Executive
£20,000 - £30,000

As part of its continuing expansion in the U.K. and overseas, Fidelity International is seeking an investment marketing executive at a very senior level.

The position involves the marketing of Fidelity's range of investment management services, offshore funds and unit trusts to pension funds and other financial institutions as well as help in the development of new services.

A thorough knowledge of investments and marketing is required, together with the ability to communicate effectively and positively at the highest levels with financial institutions. Applicants should be able to demonstrate a consistent record of success in their current careers, be self-starters and highly motivated.

Fidelity is one of the largest and most successful international investment groups and runs, from its London and overseas offices, a particularly successful range of funds and pension accounts for leading U.K. and U.S. corporations. In aggregate, the Fidelity Organisation worldwide manages some £10,000 million for 800,000 institutional and individual accounts.

The total remuneration package, in the range £20,000 – £30,000, will be geared both to the individual's and company's success and will include a performance bonus, company car, non-contributory pension scheme and health insurance.

Applicants should send a full CV to:
Barry Bateman, Director,
Fidelity International Management Limited,
20 Abchurch Lane, London EC4N 7AL

Fidelity INTERNATIONAL

50–100% Worldwide Travel
Operations Review

Our clients are some of the world's largest companies operating in every continent. Their corporate review and operational audit teams carry out a wide range of investigations and management audits covering the manufacturing, marketing, distribution, administration, EDP and accounting functions.

The positions involve 50–100% worldwide travel and individual assignments at any one location can last from one week to three months. The companies offer a first-class remuneration package specifically tailored to these positions. Substantial capital savings can be made by those on 100% travel (c.£12,000).

In certain cases married applicants are not excluded as spouse may also travel. Second language ability is an advantage. Candidates aged 24–27 should be qualified accountants with large company experience and express the desire to undertake the extensive travel while making a positive contribution.

Interested applicants should contact **Martin Sims** at Michael Page International, 31 Southampton Row, London, WC1B 5HY. Tel. 01-405 0442. Telex 296091.

MP Michael Page International
Recruitment Consultants
London Birmingham Manchester Glasgow

CORPORATE FINANCE

Age 28/38

Close Brothers seeks an ambitious and talented recruit to join its small and expanding team.

Applicants must have practical experience to back up a good degree and professional qualification.

Confidential applications to:

Mr. R. D. Kent,
Managing Director,
Close Brothers Limited,
36 Great St. Helen's,
London EC3A 6AP.

Financial Analysis & Planning
A business management career for Accountants and MBAs

to £13.5K **West of London**

Our client is a highly successful international company marketing a wide range of advanced products in the field of business communications. Their Financial Planning Department is responsible for planning profitable growth and monitoring its achievement, and they now wish to strengthen this vital function by appointing several key professionals.

The role of the department encompasses financial planning, profit control, project analysis, the evaluation and critique of marketing strategies and pricing proposals, product and market sector profitability analysis and the review and control of multi-million pound cost and revenue budgets. Responsibilities encompass strategic thinking and basic financial control. Tight time-scales are a feature of the department's operation and it is often a highly-pressurised environment.

The need is for business graduates or Accountants (fully or part-qualified) who are aged in their twenties. We want to hear from true finance professionals—people who understand both cost and revenue and most importantly, the business decisions that make the difference between success and failure in a tough commercial marketplace. You will work closely with functional managers to ensure target achievement, so first-class interpersonal and communicative skills are essential. This area is seen as a prime management entry point and the visibility of your role can lead to fast career progression.

Salaries will vary according to qualifications and experience up to £13,500 per annum, plus the comprehensive range of benefits normally associated with a successful international organisation. Career prospects are excellent—if you have the drive and ambition to reach top management, we can promise you every opportunity to reach your potential.

If you are ready for this challenge, then please telephone for an application form or write with a comprehensive c.v. to: Kevin Long, Moxon Dolphin & Kerby Ltd., 178-202 Great Portland Street, London W1N 5TB, quoting ref. PS/948/FT. Tel: 01-631 4411.

MOXON DOLPHIN & KERBY LTD

Treasury Management

Cadbury Schweppes, one of the world's leaders in confectionery and soft drinks, require a young Treasury Specialist to fill a challenging and responsible role within its active Corporate Treasury Team, which is making an increasingly important contribution to the group's international development.

The need has been identified for an individual with a bright creative mind and an innovative approach with at least 2 years relevant experience gained either within the Corporate or Banking sectors.

A good degree/MBA and/or a professional qualification are the minimum requirements sought. The position is London based.

The negotiable salary is extremely competitive and will reflect the importance we attach to this position. In addition we are offering the full range of benefits expected of a major international organisation.

Please write with a full c.v. to Mrs. P. M. Carvosso, Group Personnel Department, Cadbury Schweppes plc., Leconfield House, Curzon Street, London, W1Y 7FB.

Cadbury Schweppes

INVESTMENT ANALYST
London SW1

Because of considerable expansion of funds under management at Imperial Life, which is a well established Life Office with assets in the UK of £200 million, we require an investment analyst to join our equity fund management team.

This important appointment offers the opportunity of working in a stimulating environment as part of a highly professional group, where you will be expected to analyse and make recommendations on both a company and sector basis. Probably in your mid 20's with 2 to 3 years' experience with a stock-broker or institution, you must display the ability to develop original ideas and the confidence to accept responsibility at an early stage.

A competitive salary will be paid, commensurate with age and experience together with generous fringe benefits. Where necessary assistance with relocation expenses will be given.

For an application form and further details please telephone GUILDFORD 571255 or write enclosing a full CV to:–

Personnel & Training Department, The Imperial Life Assurance Co. of Canada, Imperial Life House, London Road, Guildford, GU1 1TA.

IMPERIAL LIFE

INVESTMENT FUND MANAGERS

A leading Accepting House is seeking an outstanding and ambitious person to assume an important role in the management of substantial Private Clients funds.

The successful candidate will be a graduate with considerable experience of fund management with a leading stockbroker or financial institution. A good depth of knowledge of the U.K. and overseas markets is essential.

The remuneration package will fully reflect the importance of this appointment.

A further requirement is for experienced investment managers to join its expanding International Fixed Interest and U.K. Pension Funds Department. Successful candidates must have had several years' experience of mixed portfolio investment.

Competitive salaries will be paid according to the experience and abilities of the successful applicants.

Please contact Peter Latham.

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate · London EC2M 4LX · 01 623 1266

Computer Auditor
Cheshunt, Herts Salary neg. + car

This is a newly created and highly challenging role within our Head Office Internal Audit Department – but before we talk about you and the job, let's talk about the background.

As you probably know, Tesco is one of the UK's largest and most progressive retail organisations. Committed to a policy of growth, development and diversification, we employ a variety of computer systems to handle an ever-increasing workload – hardware includes IBM 3081 and 3033, minis and word processors, while the introduction of EPOS equipment at store level expands our network.

In view of these activities, we now seek a computer auditor specialist to set up a computer audit section from scratch and to both advise and liaise with the Finance and Computer Divisions on a continuous basis.

To handle this opportunity successfully, you'll be aged late twenties to early thirties, a mature man or woman with in-depth experience in the review of systems with database and real-time applications. Experience of the subsequent design of audit programmes, preferably gained on large mainframe IBM computers, is also essential. Preference will be given to accountants of Assistant Manager status or above, who have at least two years' post-qualification experience.

The attractive benefits package includes a car, a pension/life assurance scheme, subsidised staff restaurant, and Country Club membership. Assistance with relocation may be available.

For an application form, please telephone or write to David Stockell, Personnel and Training Manager, Tesco Stores Limited, Tesco House, Delamare Road, Cheshunt, Herts EN8 9SL. Tel: Waltham Cross 32222.

TODAYS TESCO

FINANCE MANAGER
London
Excellent salary + Car

One of Britain's largest international companies, we are seeking to recruit a high calibre financial analyst to join our corporate finance team. Responsibilities include long range financial forecasts, studies on financial structuring, formulating and reviewing investment proposals, and research into matters of financial policy. Problems are diverse and complex, requiring innovative thought and solutions.

The successful candidate, aged 30-35, will have had experience in a demanding business environment, and have the personal skills to make recommendations to management at Chief Executive and Board level. Applicants should have a good honours degree, preferably in a numerate subject. A formal accounting qualification or an MBA is essential.

Please apply in writing giving full details of qualifications and experience to Miss A Howland, The BOC Group, Hammersmith House, London W6 9DX.

THE BOC GROUP

CREDIT ANALYST
INTERNATIONAL MERCHANT BANKING
To £10,000 + Benefits

Our client is the City-based international merchant banking operation of a major U.S. banking group, with a well established and expanding presence in the Euro-Syndicated Loans market.

The immediate responsibilities of the young person the bank now seeks will revolve around corporate and country risk appraisal in respect of both potential new business and the existing loan portfolio. However, the real challenge and opportunity is that of early involvement in the negotiation and structuring of major transactions, contributing directly to the bank's business development effort. Travel outside the U.K. is a distinct possibility.

The ideal candidate would have a degree followed by around a year's thorough credit training and experience; alternatively, a recently graduated young M.B.A. might well be attracted to this entry into international banking. Essentially, however, the bank is looking for someone who is strongly motivated by an environment in which career progression will be entirely determined by personal achievement.

To discuss this opportunity in more detail, please telephone John Chiverton, A.I.B.

JOHN CHIVERTON ASSOCIATES LTD.
5, Castle Court, London, E.C.3, 01-623 3861

CREDIT MANAGER BANKING

Leading Middle East Bank, which is shortly to establish a branch in the City of London, has an opportunity for an experienced lending banker to head up its Credit and Marketing Department. The successful candidate will be responsible for evaluating new loan applications, structuring the financial requirements and making recommendations to the London Credit Committee, as well as being in overall management control of the whole loan portfolio.

Candidates should be business graduates, or have other qualifications of a similar standing, with extensive experience in credit analysis, appraisal and loan documentation.

Salary is negotiable and benefits are those normally associated with a large international organisation.

Applications should be sent to:
Box A.8119, Financial Times
10 Cannon Street, London EC4P 4BY

Senior Credit Insurance Broker
City **attractive salary + car**

Credit Insurance Services Limited is the specialist credit insurance broker within the Fenchurch Group. An interesting vacancy exists within its team for a Senior Broker for the domestic market.

This opportunity will appeal to candidates 25-35 years of age with experience of negotiating at a senior level. A background of credit insurance, credit management, banking or accountancy is necessary.

The group benefits include company pension scheme, free life assurance, 4 weeks' annual leave and profit share review.

Please apply in writing to C. J. Brennan, Personnel Director, Fenchurch Group Services Limited, 89 High Road, South Woodford, London E18 2RH.

Fenchurch

David Grove Associates
Bank Personnel Recruitment
60 Cheapside, London EC2V 6AX
Telephone: 01-248 1858

SENIOR DEPOSIT BROKER
c. £25,000 + ATTRACTIVE BONUS & OTHER FRINGE BENEFITS

Our client is an international money broking group which is currently strengthening its management to provide direction and impetus for impending future development.

Suitable candidates will have had a minimum of 5 years experience with particular involvement in the Swiss Franc deposit market. Experience in the Deutsche Mark deposit market would be an additional advantage.

Candidates will currently be team leaders or in line for promotion to team leader status in the near future.

Prospects for progression with the group are excellent.

Applications, which will be treated in the strictest confidence, should be addressed to David Grove at 60 Cheapside, London EC2V 6AX.

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COMPANY REGISTRARS

An individual with the qualification of Chartered Secretary or the equivalent, required to head the Company Registration Division of a Financial Group which is located North of London.

The ability to communicate and liaise with Chairmen and Financial Directors of Public Limited Companies, is of equal importance to that of a sound knowledge of Company Law and Stock Exchange Regulations.

The age preference is between 35 and 40 years, and the remuneration is commensurate with the importance of the appointmnt.

Reply in writing to: DANE AND CO.,
Bank House, The Paddock, Handforth,
Cheshire SK9 3HQ. (Ref: CSM)

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BANKING & MONEY BROKING RECRUITMENT CONSULTANTS

Graduate Lenders and Credit Analysts	£ neg.
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Documentary Credits	to £14,000
Experienced Money Brokers (FX, CD's, £)	£ neg.
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Internal Auditors (26-29)	to £9,000
A.I.B. Clearing Bankers (21-26)	£ neg.

Please phone:
Mike Pope or David Patten
01-626 5191
1/2 Gracechurch Street, London, EC3

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Only Connaught offer a success-related fee structure to selected senior executives seeking new appointments from £15,000 to £50,000. Perhaps we can help you too. Contact us for a confidential meeting without obligation.

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10 Cannon Street, EC4P 4BY

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CITY **c. £14,000**

We have a vacancy in our small team responsible for masterminding the acquisitions and disposals of this substantial multi-national group, for monitoring the markets in which the group operates and for developing strategic thinking within the group.

We are looking for a numerate graduate who is in the late twenties, a creative and analytical thinker, who can read balance sheets, knows all about business financial ratios and likes dealing with people.

The job offers considerable variety with potential for personal development within the group.

A salary of at least £14,000 based on qualifications and experience will be offered.

Please reply with CV to:
Box No. 8269 c/o Extel Advertising
Hazlitt House, 4 Bouverie Street,
London EC4Y 8AB.

THE ROYAL LONDON

AN OPPORTUNITY IN INVESTMENT MANAGMENT

The Royal London Mutual Insurance Society has a vacancy within its small but active investment management team. Applicants should be in their early twenties and have a good honours degree in Economics.

As a member of this team the successful applicant would be engaged, after a short period of training, in both research and dealing in connection with a large portfolio of Stock Exchange Securities.

This opening offers a competitive salary, interesting and varied work and the prospect of an attractive career to the right person.

If you are interested, please write, giving brief details to:

The Investment Manager
ROYAL LONDON MUTUAL INSURANCE SOCIETY LTD.
Royal London House
Finsbury Square, London EC2A 1DS.

Senior Client Executive

Midlands **£ Negotiable**

Our Client is the autonomous subsidiary of a Major Investment Group whose business involves transactions relating to World Stock, Commodity and Financial Futures markets.

They are well on the way to becoming a leader in their field and this growth of the business now necessitates the appointment of an Executive to handle the Company's Stockbroking, Commodity Broking and other Institutional Clients.

Key responsibilities will include the development and on-going relationships with new and existing clients; handling their day-to-day dealings and executing their instructions efficiently.

Although most of the contact will be by telephone or letter the position will allow the scope to make face-to-face presentations, where this will be beneficial.

It is essential that the successful candidate, male or female, has had the background in either Stockbroking, Commodity Broking or other related Financial fields and must be able to present a professional image to all types of organisation. A knowledge of Hedging would be useful, but is by no means essential. Preferred age 23-35.

An excellent package will be negotiated and the position is based in an extremely pleasant part of Warwickshire.

Please write to Malcolm Silver with full details of your background or telephone him for an application form at: Silver & Robb Associates, 4-6 Victoria Terrace, Leamington Spa, Warwickshire CV31 3AB.
Telephone: Leamington Spa (0926) 36639.

SILVER & ROBB ASSOCIATES
Management, Selection & Training Consultants.

Sterling Money Market Dealer

The Royal Bank of Canada is Canada's leading international bank and the fourth largest in North America with financial interests in over 100 subsidiaries and affiliates throughout the world.

We are currently seeking a Sterling Money Market Dealer for our International Money Markets operation in Bishopsgate.

The ideal candidate will have a sound knowledge of the domestic sterling market and have actively traded the various market instruments.

A competitive salary will be offered, together with an excellent employee benefits programme which includes low interest mortgage, non-contributory life assurance and pension schemes.

Write giving details of age, background and experience to:

M.C.P. Beales, Manager, International Money Markets, The Royal Bank of Canada, 99 Bishopsgate, London EC2M 3XQ.

THE ROYAL BANK OF CANADA

EUROBOND SALES **£20,000**
A prime European house are seeking to strengthen their sales team by recruiting an experienced salesperson with knowledge of all aspects of the Eurobond market.

STRAIGHT EUROBOND DEALER **£ negotiable**
To join a small team in an expanding dealing room. Full market knowledge and experience necessary—competitive salary according to age/experience.

CHARTERED ACCOUNTANT **£12-15,000**
Small Merchant Bank in the City need a trained C/A with at least one year's post qualification experience to prepare management accounts and liaise strongly with D.P. department.

FRN TRADER **£ negotiable**
Small but expanding securities house are seeking a No. 2 dealer to make markets in FRN Eurobonds and F.R.C.D.s. Full banking benefits provided.

FOREIGN EXCHANGE DEALER **£ negotiable**
A new bank soon to enter the City require a well educated, well experienced FX trader who can establish a profit centred dealing area in a set-up situation.

CONVERTIBLE EUROBOND TRADER/SALES **c. £15,000**
A reputable U.S. Stockbrokers are seeking to recruit a convertible Eurobond dealer to trade U.S., Japanese issues on a semi-market making basis. They are also in a position to strengthen their sales area with two additional members to concentrate on placement of convertible issues to clients.

PLEASE CONTACT CHRIS WENBORN
on 01-638 9205 or 01-628 0494
ZARAK HAY ASSOCIATES
6 Broad Street Place, Blomfield Street, London EC2.

FINANCIAL TIMES BUSINESS ENTERPRISES

General Manager

Business Reports Division

FTBE is a major provider of international business publishing and information services. We are looking for a general manager for the Business Reports Division, which consists of 20 newsletters and a range of business publications. It is a most profitable area in FTBE and is poised for further expansion.

The successful candidate is likely to have a publishing or editorial background and should be able to demonstrate entrepreneurial flair, a successful record of profit centre management and familiarity with production techniques. Experience of newsletter publishing would be an advantage.

Salary: £18,000-£20,000 plus car and other benefits.

Applications to:

Peter Sabine
Director, Business Reports Division
Financial Times Business Enterprises Ltd
Bracken House
10 Cannon Street
London EC4P 4BY

Management Consulting

Research Analyst **London**

Rapidly growing UK office of US strategy consulting firm needs research analysts to help support its expanding practice. The job involves working as part of a team of professionals on business problems of corporate magnitude, for large international clients. An ideal candidate would have a good degree in a quantitative area e.g. economics, the sciences, engineering with some experience in a major company, and a desire to work on challenging problems with broader dimensions than those encountered in most positions. He or she might be considering studying for an MBA at some time in the future.

Starting salary would be highly attractive.
Please forward a full CV in strict confidence to Halina Carter, PER, 4-5 Grosvenor Place, London SWIX 7SB.

Applications are welcome from both men and women

PER Executive Selection

Group Pensions Manager

We are a multinational with interests in mining, smelting, trading and general industrial activities seeking a successor for the Group Pensions Manager who is involved also in general employee benefits.

Interested applicants, aged at least 30, with relevant professional qualifications and both UK and overseas pensions experience, who would enjoy an international pensions policy rationalisation programme, should send details of their career to date and present salary to: The Director of Corporate Personnel, Amalgamated Metal Corporation PLC, Adelaide House, London Bridge, London EC4R 9DT.

AMC Amalgamated Metal Corporation

QUILLS EMPLOYMENT AGENCY LTD.

have now moved their office to:

ROOM 11, 70 OLD BROAD STREET, LONDON, EC2

Tel: 623 8733 (Permanent)
623 8733 (Temporary)
Mrs. Hicks and Mrs. Howell

CHAIRMAN

An anglo-continental financial group based in London (LDT) wishes to appoint an experienced City Banker for the position of chairman. The ideal candidate should be in his/her late fifties or early sixties. A negotiable salary along with banking benefits will be offered.

Applications together with a comprehensive career resume should be sent in strictest confidence to:

Box A.8031, Financial Times, 10 Cannon Street, London EC4P 4BY

Financial Analyst

Circa £11K
required by profitable electronics engineering client in the South East. Excellent conditions and prospects. Phone or write, quoting ref FR91, Michael Quest Associates, 596 Chiswick High Road, London W4 5RS. Tel. 01-995 3246/7.

Assistant U.K. Representative
FOR FRENCH BANK

We seek an Assistant to the head of our U.K. Office in the City. The successful candidate will have current U.K. banking experience and be in the late twenties. Fluent French is required.

Reply in confidence with full c.v. to: Box A 8096 Financial Times, 10 Cannon Street, London EC4P 4BY

Accountancy Appointments

ACCOUNTANCY APPOINTMENTS ARE CONTINUED ON FOLLOWING PAGE

FINANCIAL CONTROLLER

FOR CITY BASED LLOYDS BROKER
Circa £20,000+ negotiable

The ideal candidate (30-40) will have previously held a senior Financial Management Post with a Lloyds Broker and will have extensive experience in cash management, foreign exchange dealings and all aspects of accounting.

The successful candidate will have full responsibility for the day-to-day financial management of this company and as the accounts are fully computerised, an in-depth D.P. knowledge is considered necessary.

Our clients envisage an early board appointment and essential personal qualities are a shirt sleeve approach to work and the ability to lead by example.

In the first instance telephone:

Byfield Associates
73 Grosvenor Street London W1X 0DU. Telephone: 01-493 8501

Financial Director

Hampshire **to £25,000 + car**

Our clients, a multi-location, capital-intensive service company (T/O £45m.), part of a major U.K. Group are seeking to fill the newly-created role of Financial Director. Working closely with the Managing Director, the successful candidate will be given every encouragement to participate in the general management of the company which is going through an interesting stage of development. Management services are in their infancy and a considerable amount of scope exists for introducing more sophisticated reporting systems. Applicants, male/female, must be Chartered Accountants, in their mid to late 30's, who have already gained experience of a senior nature in a similar type of operation. Ref. 1262/FT. Apply to R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel. 01-493 0156.

Phillips & Carpenter
Selection Consultants

Retail Audit Supervisor

C. London Base c. £15,000 + 2.0 car

This recently restructured International Retailer, with 70 large outlets throughout Western Europe, seeks to recruit an experienced Auditor to head up its European team.

The job will be mainly operational and will involve the control and establishing of internal procedures, audit programmes, shrinkage investigation, Head Office audits and liaison with external auditors.

Candidates will, preferably, be qualified accountants, but where not, they must have gained their experience in Retail Audit.

The requirement dictates that the successful individual will have spent at least two years in audit and should be capable of controlling a small team with constant liaison at senior management level.

For further details, please contact I.J.B. Gordon on 01-629 8322 quoting ref: 1383 or write to him at:

RHB
SELECTION
71 Duke Street, Mayfair, London W1M 5DH.

MANAGEMENT ACCOUNTANT

Middlesex

Package c. £12,000 plus car

We are a £20 million turnover contracting company with 20 depots. Candidates, aged 26-35 who should have positive personalities and be good communicators, will be qualified ACA/ACCA/ACMAs with all-round management accounting experience and, in particular, capable of putting in a management accounting system to report monthly profit and loss accounts for each depot against budget. The role will also require the successful candidate to monitor each depot's trading performance and suggest any action to be taken to improve performance.

Curriculum vitae to:

Box A.8028, Financial Times
10 Cannon Street, London EC4P 4BY

ACCOUNTANT

CITY **c £15,000**

A London (City) based Company in the Sports Goods manufacturing and distributing business with overseas interests has a vacancy for a qualified Accountant, aged approximately 40-45, to take control of costings, budgeting and complete accountancy functions utilising and developing a computerised system.

For the right person there will be the opportunity to join the Main Board as Financial Director in due course.

Pension scheme and BUPA available.

Apply in writing to:

D. M. Maxton (Managing Director)
L. GATHIER & CO. LTD.
2/3 Charterhouse Square, London, EC1

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

ACCOUNTANTS

GROUP HEAD OFFICE (MIDLANDS)

The group accounts department of an expanding public company require two accountants to form part of the team involved in the preparation of group financial information and assisting its business development department in appraising the acquisition of new companies.

The successful candidate will have a recognised accountancy qualification and be aged between 25-30 with a minimum of 3 years' post qualification experience. A high level of commitment is expected and rewarded accordingly.

Salary will be: £12,000-£14,000 plus car and other benefits, depending upon experience.

Please include full cv and send to Box A8033 Financial Times, 10 Cannon Street, London EC4P 4BY

QUALIFIED ACCOUNTANT ADMINISTRATOR REQUIRED

Qualified Accountant with shipping experience, capable of overseeing installation of computerised accounting system.

Reporting to Managing Director, his/her duties will include responsibility for day-to-day business, future planning and preparation of regular financial reports.

Expanding company engaged in shipping, ship owning, transport and property with turnover of £15 million and good expansion prospects. Salary circa £15,000+ p.a. with car.

Apply in writing to
The Managing Director
WESTGATE SHIPPING LIMITED
Parkgate House, 33 Parkgate Road
London SW11 4NP

COMPUTACAR LIMITED
(part of the international Thomson Organisation)

FINANCIAL DIRECTOR

(DESIGNATE) c £13,000 + CAR

Due to internal promotion, Computacar, the leading computerised matching service for the sale of used cars, requires a Finance Director. The successful applicant will initially head up the accounting function as Chief Accountant and should progress to a board appointment within 12 months.

We require a resourceful, young qualified Accountant with at least one year's commercial experience. He/she will be responsible for all accounting matters and in addition will be expected to make a positive contribution to the general management of the company.

Write with details to

John Cook, Finance Director,
COMPUTACAR LIMITED,
Station House, Harrow Road, Wembley, Middlesex.
Tel: (01) 903 8617

Accountancy Appointments

Have you considered Consultancy?

Financial Managers

to £19,000+car

London, Birmingham or Manchester

In planning your future, have you considered the benefits that a career or a spell in consultancy could bring to you?

Arthur Young McClelland Moores & Co. is the UK arm of one of the major international accounting and management consultancy practices. Our consultancy division provides a wide range of services to the senior management of a variety of organisations in the UK and abroad, ranging from major government departments and multi-national corporations to the small and medium-sized business.

We offer you the opportunity to develop your career by working on a wide variety of assignments. These may include: profit improvement programmes, the design and implementation of management information systems, management of large projects, business appraisal, organisation studies and strategic planning exercises. Overseas work provides further opportunities and attracts generous allowances.

Our requirements are for qualified accountants aged 28-38 holding a senior management position who can demonstrate above-average career progression in industry or commerce. Our work requires you to take a high degree of personal responsibility and you must have a capacity to diagnose problems, propose changes and implement workable and economic solutions. Self confidence, a lively mind, managerial ability, skill in communication and the ability to apply data processing techniques are essential. Training will be given to those without previous consultancy experience.

If you meet our requirements and are interested in working in a stimulating and challenging environment, write to Peter Williamson, quoting Ref. FM/1/FT and enclosing a detailed CV. Please indicate your preferred location.

Arthur Young McClelland Moores & Co., Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young McClelland Moores & Co.

A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

TAXATION

Has the current economic situation taken the challenge from your career? A number of major 'BLUE CHIP' companies are seeking committed tax professionals for a variety of roles:-

Tax Manager	-	Petro-Chem Services	c£20K
Tax Manager	-	Petro-Chem Services	c£24K
Tax Manager	-	Petro-Chem Services	c£27K
Asst. Manager	-	Oil Services	c£20K
Tax Accountant	-	International Bank	c£15K
Tax Planning	-	International Group	c£14K
Tax Accountant	-	Oil Company	c£13K

Based London, Paris, Far East.

If you are contemplating a career move in 1983, contact us at your convenience.

ROBERT HALF

LEE HOUSE, LONDON WALL, EC2. 01-606 6771

DIVISIONAL ACCOUNTANT

c£11,000 + Mortgage Subsidy + Relocation

New acquisitions and rapid growth have led to an ideal opening for a recently Qualified Chartered Accountant. Our client is a major U.S. Finance Corporation with diverse interests in the U.K. and Europe. The position will offer broad exposure to all areas of the finance function and the opportunity to gain an indepth knowledge of the operation, leading to the development of sophisticated management information systems. Candidates should be aged 25-28 with excellent communication skills and the ability to operate effectively in a lively and pressurised environment.

Ref. SC/1045G BASED W. SUSSEX

Please apply directly to:

ROBERT HALF

LEE HOUSE, LONDON WALL, EC2. 01-606 6771

EUROPEAN CONTROLLER £18,000+Car

An excellent opportunity to gain international experience is offered by this US engineering company. You will be involved in expanding operations in the UK, France, Germany and the Netherlands. Candidates, aged c30, should be Chartered Accountants possessing good 'hands-on' experience. A European language would be an advantage. HANTS. Ref: JG/1011G.

PLANNING & ANALYSIS £12,000+Car

This US subsidiary seeks a young, recently qualified accountant to co-ordinate various planning functions and undertake financial analysis. The role offers considerable contact with general management. Candidates should be effective communicators and possess analytical experience gained within a multi-national company.

ROBERT HALF

LEE HOUSE, LONDON WALL, EC2. 01-606 6771

LASMO

c£15,000 + Car

This major British independent oil company with significant international interests offers real career prospects to a qualified ACA, ACCA or ICMA, aged 28-34, seeking involvement in the group's expansion. As Group Management Accountant, key responsibilities will be for the group's budget, consolidations and supervision of joint venture audits. Candidates should have a minimum of 3 years post qualifying experience and a proven track record, preferably within an oil environment.

Ref: VMD/1095F CITY

ROBERT HALF

LEE HOUSE, LONDON WALL, EC2. 01-606 6771

Assistant Financial Controller -Europe

Central London **to £18,500 + car**

This highly profitable and rapidly expanding international company is a major supplier of materials to the construction industry and also has interests in minerals and energy. Turnover worldwide is approaching £1bn, of which the European group accounts for some £200m. The small central finance team is located at group headquarters in the West End and co-ordinates the financial policies and reporting of the seven national subsidiaries. The person appointed will work closely with the Financial Controller, Europe, on a very wide range of issues and periodic visits to the countries concerned will be required. Candidates, aged 30 to 35, must be professionally qualified and have had experience of international corporate operations. Some fluency in a second European language, ideally Italian or Spanish, would be an advantage. Salary is negotiable to £18,500 and a car and range of executive benefits will be provided.

Write for an application form or send brief CV to the address below, *quoting ref: AA51/8134/FT on both letter and envelope*, and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Financial Director

Export Finance

c £25,000

London

Our client is a successful export finance house with an increasing range of worldwide activities.

They now wish to appoint a high calibre Financial Director to be responsible for all accounting, general administration and company secretarial aspects of the business.

Candidates should be Chartered Accountants, aged 35-45, and will probably have had several years' commercial experience, including the preparation of management and statutory accounts and budgets, and the development of computer based systems. Knowledge of export finance would be a distinct advantage.

The company offers a comprehensive remuneration package with good prospects of widening responsibilities.

Please send concise personal, career and salary details, quoting ref: T2005 to W. S. Gilliland, Executive Selection Division.

Thornton Baker Associates Limited, Fairfax House, Fulwood Place, London WC1V 6DW.

Financial Director

Our clients are a large, international engineering and contracting group, with headquarters in central London, whose record of growth and profitability is impressive. They seek a qualified Accountant of the requisite stature to become Financial Director within one of their major subsidiaries.

The subsidiary is a substantial business operation in its own right and its Financial Director must therefore be able to contribute high level financial expertise to the abilities of a strong technical management team. The man or woman appointed will be able to demonstrate progressive career development: not only as an Accountant but as a decisive business manager. An appreciation of the International process engineering industry would be an added advantage and the successful candidate will need to be internationally mobile, have a demonstrable flair for managing and communicating with people and be conversant with the latest electronic information systems.

The salary envisaged will attract candidates in the 35-45 age group currently earning in excess of £20,000 per annum. Benefits, which include a company car, are all those expected of a successful organisation and this expanding Group can offer excellent future prospects.

Please write initially with career details to W. J. Stanton, Director, Austin Knight Limited, 20 Soho Square, London, W1A 1DS.

Applications will be forwarded to our client, therefore any company you do not wish to approach should be listed separately.

Austin Knight Advertising

APPOINTMENTS WANTED

QUALIFIED ACCOUNTANT

(CPA IN U.S.)

with extensive DP and consultancy experience, seeks 6-12 month job on MIS project in London area.

Write Box A8030
Financial Times
10 Cannon Street
London EC4P 4BY

FINANCIAL CONTROLLER

(Director Designate)

Kent

Marley Extrusions Limited, one of the fastest expanding and most successful companies within the Marley organisation, manufacture and market a wide range of plastic building and consumer products with an annual turnover rising to £30 million.

Against this background and dynamic future plans, we are now seeking a Financial Controller who can take full responsibility for the overall financial control and strategy which will lead us into the 90's.

This will mean taking a wide commercial view, working closely with the other directors in developing financial strategy and playing a leading part in preparing and presenting Company reports.

Ideally you will be aged 30 to 40, fully qualified with extensive management accounting experience within manufacturing, and the natural flair to bring an 'un-blinkered' approach to financial management problems.

The position, based at our Lenham Head Office near Maidstone, carries an attractive negotiable salary that will not be a restriction to the appointment of the right person. The benefits package includes a company car and relocation assistance.

The position also offers really excellent prospects for career development, including promotion to the Board of Directors.

Please write including a full CV to: The Deputy Managing Director, Marley Extrusions Limited, Lenham, Kent ME17 2DE.

Marley Extrusions Ltd

Consultancy is Challenging

...As Roger Barton found

After graduating in Mathematics and qualifying as an accountant he gained significant accounting and operational research experience in the public sector before planning and implementing financial and accounting systems for both UK and US industrial companies. Since joining he has carried out an organisational review for a major rental company and has designed computer systems for a new City financial institution.

Things he enjoys:

"I joined PWA because I felt it presented me with an excellent opportunity to make the best use of the experience I had gained in various fields since starting my career. This has been borne out in practice – projects I have recently undertaken have enabled me to consolidate and expand my knowledge and experience. I am continually stimulated by the challenging and testing nature of assignments and am always confident of the solid back-up available within the organisation. Effective teamwork has proved a prime factor in making the job a rewarding one".

Successful Accountants up to £19,000 plus car

Price Waterhouse Associates is one of the leading management consultancy practices in the UK and worldwide. We have a continuing need for experienced accountants to complement our multi-discipline consultancy team.

You will have gained at least two years significant post-qualifying experience and should demonstrate the potential to manage assignments within 2-3 years of joining us. Direct experience of working with computer based management information systems is essential.

Our work involves the design and implementation of information, planning and control systems, viability studies and financial modelling. Above all, we work closely with our clients to provide practical solutions to business problems in a variety of commercial and industrial enterprises and in the public sector.

Our standards, like the assignments we undertake, are demanding and you will already have acquired diagnostic and innovative skills coupled with the flair and personality to deal effectively with management at all levels.

Aged 26-34 you will have an accounting qualification. A degree would be a distinct advantage.

Salaries and conditions of employment are competitive. Substantial allowances are paid for work undertaken overseas. Our excellent in-house training will enhance your knowledge and skills. If you match the experience outlined and would like a challenging career in consultancy, please write in confidence for a personal history form, quoting reference MCS/3943 to: David Prosser, Executive Selection Division, Price Waterhouse Associates, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

Cranfield

Finance Officer

Cranfield, Beds. **c.£20,000**

The Cranfield Institute of Technology is a unique university institution specialising in advanced teaching and applied research in technology and management.

We now seek an experienced Finance Officer to provide full accountancy services to all departments of the Institute, including monthly management accounts, budget formulation and control. Reporting to the General Secretary of the Institute he/she will control a staff of around 30.

The successful candidate will be a graduate holding recognised accounting qualifications, preferably chartered, and have a minimum of ten years' post qualification experience. Knowledge of computerised systems is essential.

The salary will be around £20,000. Assistance may be given with relocation expenses.

Further details and an application form (to be returned by 14th February 1983) may be obtained from: The Personnel Officer, Cranfield Institute of Technology, Cranfield, Bedford, MK43 0AL. Tel: Bedford (0234) 750111, ext. 3338.

مكبرا من الاصل

Accountancy Appointments

Financial Controller
Aviation Industry

Surrey
£17-20,000+car & benefits

The Company is a successful independent operator with turnover now exceeding £30m. It provides a range of services from a number of locations in the UK and on the Continent.

Reporting to the General Manager, responsibility is to manage the finance and accounting functions, including related DP facilities. Developing controls and advising on financial policy and planning will be major tasks. Success in the role should lead to a Board appointment.

Candidates, male or female, must be qualified accountants, probably Chartered, with several years' experience of financial control in a commercial environment. Personal qualities required include energy, enthusiasm and the ability to communicate effectively at Board level and with divisional managers. Preferred age range is 30-45.

Please reply to Duncan MacDonald, in strict confidence, with details of age, career and salary progression, education and qualifications, and quoting reference 1147/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Reed Executive
The Country's most successful Recruitment Service

Finance Director
North Yorkshire **c £14,000 + car**

An opportunity has arisen for a commercially aware accountant to join the Board of this small, independent public company. Reporting to the Chairman, the Finance Director will manage a team and further develop financial control and management information systems: stress will be laid on the ability to oversee the development of in-house computer facilities including point of sale equipment. The successful applicant will be able to demonstrate an investigative and energetic approach to problem solving and decision making, combined with enthusiasm and the ability to motivate staff.

Telephone: 0532-459181 quoting Ref: 3229/FT. Reed Executive Selection Limited, 24/26 Lands Lane, Leeds LS1 6LB.

This vacancy is open to both male and female candidates

London Birmingham Manchester Leeds

SENIOR TAX MANAGER

Our clients are a busy, rapidly growing practice of Chartered Accountants West of London offering a high quality of service to their clients. They require an experienced Tax Manager to head up the tax department. Aplicants should be well versed in all aspects of taxation including in particular, tax planning for clients, both personal and corporate.

The successful applicant will be a Chartered Accountant in his 30s and every encouragement will be given to his achieving partnership within two years. The package is negotiable in the region of

£15,000 p.a.

In the first instance contact the advisor to the practice:
Michael Blanford
PERSONNEL SELECTION ASSOC
Norfolk House, Pannells Court
Guildford, Surrey
Tel: Guildford (0483) 65353

Ambitious Accountants for Management Consultancy

Age 28-35

£ by agreement plus car

As one of our senior consultancy managers, Stanford Miller has many years of experience of clients in the manufacturing and retailing sectors of industry. His job involves supervising the work of others on projects and carrying out high level consultancy work with leading companies from a variety of industries. His recent assignments have involved him in aerospace, electronics, mechanical engineering, food, dairy products and clothing. He enjoys the pressures involved in consultancy and can adapt quickly to different environments. Each assignment is different but each demands careful assessment of the client situation, identification of options and effective solutions and the ability to communicate and implement his ideas.

We seek qualified accountants to work with Stanford and other members of our team. Some assignments are as sole consultant, others as part of a multidisciplinary team. Opportunities arise for working overseas.

The ability to get on well with people and to communicate effectively, both orally and in writing, are vital. Applicants must also demonstrate an ability to lead projects and make effective changes in organisations and systems. A degree and post-qualification experience in a well-managed organisation are essential. We are particularly interested in people with first class experience in manufacturing, retailing or banking.

Life with PMM offers excellent career development opportunities. For those who wish later to return to industry, consultancy can be a stepping stone to a senior management position.

For an application form, please write in confidence, to M.J.H. Coney, quoting reference MC1A/L, 165 Queen Victoria St., Blackfriars, London EC4 3PD., or telephone 01-236 3561 (24 hour service).

Peat, Marwick, Mitchell & Co.

Financial Director
(Designate)

South Coast **£14,000 + Bonus + Car**

Our client is a £4 million turnover manufacturing subsidiary of a major public group.

The position controls the total financial and accounting function with particular emphasis placed on the manufacturing aspects. The ability to implement systems both manual and computerised is essential.

Candidates must have large company manufacturing or industrial experience. A positive personality and the ability to communicate effectively with people from diverse disciplines is essential. Age indicator is 28–32 and an A.C.M.A. qualification is a necessity.

It is anticipated that the successful applicant will be appointed to the Board within the first six months.

Applicants should write, enclosing a comprehensive curriculum vitae, to **Philip Cartwright, A.C.M.A.**, quoting ref 901, to 31 Southampton Row, London WC1B 5HY.

MP
Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

Young qualified accountants
Corporate and financial management
Up to £16,000 + benefits

C&L

As a result of reorganisation, a number of opportunities have arisen for young qualified accountants to join the International Finance Division of a UK financial multinational. Applicants should be qualified accountants who wish to widen their experience in a large group with career opportunities.

Corporate finance/treasury – to £16,000 + benefits
An additional member is sought for the small corporate finance department which deals with worldwide acquisitions, disposals and financial strategy for the group.

A replacement is also sought for the head of the Treasury department with responsibilities for cash and foreign exchange management of the group, banking relationships and negotiation of bank facilities. The successful applicant must be able to communicate effectively at all levels.

Financial information – c£11,000 + benefits
As a result of the need to improve financial information and controls in a fast changing industry, opportunities have arisen for financial/management accounting and systems development staff.

Preference will be given to those with relevant experience and in addition to the stated salaries, subsidised mortgages and other benefits are included in the remuneration package for the above posts which will be located at Croydon.

Resumés, stating which position is being applied for and which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions, to R C Henry, Executive Selection Division, Ref. H005.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Fleetway House 25 Farringdon Street
London EC4A 4AQ

MANAGEMENT ACCOUNTANT
READING

MULTI–NATIONAL COMPUTER SYSTEMS

MASSTOR SYSTEMS INTERNATIONAL is a world leader in mass storage device technology and markets unique hardware and software storage solutions providing shared access to common databanks by multiple computers of different manufacture. The young company has achieved very successful initial market penetration and has an aggressive growth plan for 1983 and the future.

You will be joining the company at its international H.Q. as an assistant to the V.P. Finance and will be responsible for the company's reporting and budgeting functions.

We require a young recently qualified chartered accountant who wishes to play an important role in a dynamic company with excellent prospects.

Apply To:
SIMON GURNEY, F.C.A.,
VICE PRESIDENT FINANCE,
MASSTOR SYSTEMS INTERNATIONAL INC.,
SHIRE HALL, READING, BERKS. RG2 9XY

MASSTOR SYSTEMS INTERNATIONAL INC

Group Financial Controller

LONDON WC1 **c£17,500 + CAR**

Our client, a long established Group of companies, is involved in a diverse range of international trading activities. Expansion of these activities during the 1970's, and a recent acquisition, has resulted in an international Group with profitable interests in agriculture, energy, manufacturing and property.

These developments have lead to the requirement for a qualified accountant, reporting to the Group Managing Director, to develop and control the head office accounting and computing systems and be responsible for the financial and management reporting for the Group. It is the Group's intention that their powerful IBM data base system will be fully utilised to achieve this effectively.

The successful applicant, aged 30–45, will have in-depth practical experience of introducing computer based systems in a commercial environment. Experience should also have included some exposure to international trading, tax and currency matters.

In the first instance, please write in complete confidence quoting reference 5860/45 and submitting a curriculum vitae to:

Peter Childs
Pannell Kerr Forster Associates
Lee House
London Wall
London EC2Y 5AL

Pannell Kerr Forster Associates

Management Accountant
Central Lancashire **c£10,000 + bonus**

Our client, a specialist precision engineering subsidiary of a major international group, wishes to recruit a young qualified accountant of graduate intellect aged 24–30.

Supervising a staff of 20, the position carries broad responsibility for the production of management accounting information, active involvement in the development of computerised management accounting systems and participation in the general management of the site.

The successful candidate will be self-motivated and ambitious with senior management potential allied to previous management accounting experience in a manufacturing environment.

The company's career development policy ensures that promotional prospects are excellent. Relocation facilities are available where appropriate.

Interested applicants should telephone **Alan Dickinson** on **061-228 0396** at Michael Page Partnership, Faulkner House, Faulkner Street, Manchester M1 4DY.

MP
Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

Financial Director (Designate)
Hunting Gate Homes Limited

Our client is the important and rapidly growing house building subsidiary of this leading British property development and construction group. The appointment is a new one necessitated by the company's ambitious development plans.

The immediate task will be to strengthen the management reporting and computerise the accounting systems. More significant in the long term is to make a pro-active and responsible contribution towards managing the company's profitable expansion.

Candidates, male or female, aged 27 to 34, will be fully qualified with line accounting experience preferably in the building, construction or contracting industries. Their careers will already show positive evidence of a strong commercial understanding of the finance role.

Salary c.£18,000 plus executive car and generous fringe benefits. Location Hitchin.

Please write in complete confidence, quoting reference 1350, to David Thompson who is advising on this appointment.

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Ideally, aged in your early 20's and recently qualified you should be ambitious, prepared to work the hours the job may dictate, and be looking for promotion in two years.

For further details please contact I.J.B. Gordon on 01-629 8323 quoting ref: 1364 or write to him at:

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You will be joining a publicly quoted Group which is engaged in property investment, development and dealing, with particular emphasis on the redevelopment and letting of commercial properties. Its activities also include insurance broking. Total revenue exceeds £15m per annum and Shareholders' funds are over £230m.

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Initiative and drive are essential qualities. Candidates, who should be qualified accountants, should have at least ten years broad industrial/commercial experience in well managed enterprises. Responsibilities must have included all those normally expected of a financial executive of a medium sized industrial group.

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Interested applicants should contact **Philip Price, A.C.A.** on **01-242 0965** or write to him at Michael Page Partnership, 31 Southampton Row, London WC1B 5HY.

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(MIDLANDS)

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—Involvement in corporate planning
—Statutory accounts and associated matters
—The completion of ad hoc projects.

The successful candidate will be an accountant with a recognised accounting qualification and will have had industrial accounting experience commensurate with that at senior management level. Past experience must also include the implementation of computerised financial and business management systems as this is an area of high priority. Salary will be £12,000-£14,000 plus car and other benefits, depending upon experience.

Please include full cv and send it to Box A8034 Financial Times, 10 Cannon Street, London EC4P 4BY

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Please write in strictest confidence quoting Ref. LL/1/83 and giving full details of experience and career progression to date to: Stuart Rochester, Neville Russell, Chartered Accountants, 30 Artillery Lane, Bishopsgate, London E1 7LT.

Neville Russell
Chartered Accountants

هكذا من الاصل

International Appointments

INTERNATIONAL APPOINTMENTS ARE CONTINUED ON FOLLOWING PAGE

Financial management role in an expanding growth industry . . .

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The appointment, to be based in Damman, and reporting to the General Manager, encompasses responsibility for all financial and management accounting, sales contract costing, planning and operations budgets, systems and administration procedures. The successful candidate will be supported by a direct staff of four, plus an Accounts Department in each of the two branch offices.

Candidates should be chartered accountants in their late 20's or early 30's with experience in a similar post preferably within a service industry. Appointment initially single status.

Written applications containing career details should be forwarded, in confidence, to Robert N. Collier or Richard Norman, F.C.A. at our London address quoting reference number 3871.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
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Public Relations Executive

Brussels

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Replies will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, a phone number for speedy contact and current or last remuneration, not refer to previous correspondence with PA and quote the reference on the envelope.

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Candidates of the required calibre can expect substantial scope for career development and the bank offers a competitive salary and other compensations.

Write with full curriculum vitae and salary details to: Marius Coucheron, Deputy Managing Director, Christiania Bank Luxembourg S.A., 88, Grand Rue, L-1660 Luxembourg. (Tel: 352-47 15 15.)

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The Central Bank of Botswana has a vacancy for an Internal Auditor. Applications are invited from candidates who hold appropriate University degrees OR equivalent professional qualifications, preferably with at least 10 years' relevant audit experience in Central Banks or similar financial institutions.

The Internal Auditor is Head of the Audit Unit of the Bank and reports directly to the Governor. The job involves the audit of all sections of the Bank and also includes the supervision, training and development of the staff of the Audit Unit. Preference will be given to candidates who possess a solid base of accounting and auditing, a flair for detailed analytical work and ability for logical analysis and a willingness to assist in the development of systems and procedures of the Bank.

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Please submit C.V., marital status details and copies of certificates and reports with application to the Executive Officer, P.O. Box 2479, Jeddah/Saudi Arabia.

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We are a Swiss-based multinational group active in the petroleum sector, owner of refineries, as well as banking and shipping.

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NEW YORK — PARIS

UK NEWS

Charterhouse in joint cable TV operation

BY JASON CRISP

CHARTERHOUSE, the banking and investment group, has set up a major new joint-venture company to build cable television networks in the UK. The new company hopes to gain 15 per cent of the cable television construction business which, it believes, could be worth £400m a year within 18 months.

Late last year the British Government gave the go-ahead, in principle, for the rapid expansion of cable television. A White Paper on the detailed proposals is expected next month.

Charterhouse is joining forces with Cable and Wireless, the UK-owned international telecommunications company, and Commco Cable TV of Texas, a major independent U.S. cable television company.

The new company, Cable TV Construction, will initially act as a consultant to companies applying for cable television franchises. It will advise bidders on the different systems, various manufacturers' equipment and the costs and time needed for installation.

Cable TV Construction also intends to instal cable systems for holders of cable franchises from mapping and surveying to laying the cables and connecting them to the customers' homes. It does not intend to apply for franchises itself.

Mr Bruce Fireman, a director of Charterhouse Japhet, the merchant bank subsidiary of Charterhouse Group, said that cable television construction had been identified as a gap in the market where few companies had any experience. British Telecom is expected to be its major competitor.

He pointed out that Commco had the most commercial experience in the U.S. of laying advanced switched systems using fibre optics. The British Government is very keen to see cable television in the UK using the most sophisticated systems such as those which will enable people to bank and shop from their homes.

Charterhouse and Cable and Wireless will each own 40 per cent of the new company with Commco holding the remaining 20 per cent.

Money market cheques launched

By Our Banking Correspondent

ROBERT FLEMING, the London merchant bank, and Save & Prosper, Britain's biggest unit trust group, are launching a U.S.-style cash management account with cheque book facilities. The move will take them into the upper end of the UK retail banking market.

The new high interest bank account, currently paying 11.25 per cent gross, marks a major departure for Robert Fleming, which has concentrated on wholesale merchant banking.

The new account is one of the first U.S.-style money market accounts to be launched in the UK. In November, Schroder Wagg, another merchant bank, launched a seven-day deposit account which pays a higher rate of interest than that paid by commerical banks but does not include a cheque book facility.

The new account is the latest move in the battle between the banks and the building societies for the £130bn ($200bn) UK personal savings market.

The move is especially significant since Save & Prosper, which manages more than £1.2bn in funds, has traditionally concentrated on long-term investment. This is its first move into managing the short-term liquidity of individual clients and is likely to spawn imitators.

The rate on the new account will vary. Yesterday it was 11.25 per cent before tax, which compares with UK building societies' recommended share rate of 8.93 per cent and commercial banks' seven-day deposit rate of 8.0 per cent.

See Lex

Timex workers vote to strike against enforced job cuts

BY MARK MEREDITH AND BRIAN GROOM

THE 4,000 workers at Timex's factories in Dundee, Scotland, yesterday voted narrowly to strike if any are made compulsorily redundant. This was in spite of a warning from Timex that labour disruption could lead to closure of its operations in the city.

Earlier this week, the U.S. corporation announced that it would end production of mechanical watches at Dundee. The decision came shortly after the announcement that Timex had lost a contract to assemble the Nimslo three-dimensional camera. About 1,900 jobs would be lost.

The decline in world sales of mechanical watches had caused Timex to diversify at Dundee into assembly work for other companies. Mr Clive Sinclair, head of the Sinclair company whose personal computers are assembled at the plant, warned yesterday that he would take the contract elsewhere if a full strike appeared inevitable.

Mr Sinclair said about 600 employees at Dundee were involved in Sinclair assembly work. "If the threat of strike action is not removed in further discussions between management and union, and a full strike appears inevitable that would affect our production, we will remove our business."

Any withdrawal, he said, would also affect the company's future products planned for Dundee. This was an apparent reference to proposals to produce the new Sinclair flat screen television at Dundee.

At a mass meeting yesterday, the workforce voted by about six to four in favour of resisting compulsory redundancies. Any strike, however, would not be for several weeks.

The company said yesterday that the threat of an immediate strike had been lifted and it had been in touch with the union to request a resumption of their adjourned meeting. It hoped for a further meeting today.

Mission to Lebanon

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE FIRST concerted British attempt to win a share of the business springing from Lebanon's $12bn reconstruction programme is to be made by a mission of industrialists led by Schroder Wagg, the London merchant bank.

The mission, which will be mainly concerned with projects such as roads, electricity, water and sewage, will next week hold a series of meetings in Beirut with Lebanes ministers and senior officials concerned with the reconstruction programme.

Companies represented on the mission are Ames Crosta Babcock, Balfour Beatty Engineering, Cleveland Redpath Engineering, Fairclough Construction, Hawker Siddeley International, Hepworth Clay Products, NEI International, Stothert and Pitt and George Wimpey International.

Missions from the U.S., France and Italy have already visited the country. There have also been delegations from West Germany, Japan, and from the Eastern bloc countries, Hungary and Romania.

GLC projects curbed

BY ROBIN PAULEY

THE GOVERNMENT has rejected proposals for an extra £75m worth of capital projects by the Greater London Council (GLC) in 1983–84. Instead, it has given permission for only £9.6m.

The worst-hit programmes will be for new factory units in inner city areas, rehabilitation of old factories into small workshops and the construction of access to land for industrial buildings.

The Government did not include the Labour-controlled GLC among the local authorities which it recently urged to spend more on capital projects in the current financial year.

Mr Ken Livingstone, leader of the GLC, described the Government's decision as a "callous rejection" of its proposals. He said he was staggered by the government's hypocrisy only two months after it had urged councils to spend more on capital projects.

Mr Livingstone warned London's 92 Labour MPs that they must fight for a larger capital allocation or face sanctions in their constituencies.

Nott to join board of Lazard Brothers

SIR JOHN NOTT, the former Defence Secretary, is to resume the merchant banking career he left during 1968 in favour of the House of Commons. In April he joins the board of Lazard Brothers.

The bank approached him at the beginning of this week and received his acceptance a day later.

Sir John, who entered Parliament in 1966, will not take up his directorship until the spring. Mr Ian Fraser, chairman of Lazards, explained that the former Cabinet minister had felt it would be "proper and correct to leave a decent interval" between his responsibilities in Whitehall and his new appointment.

Miners accept

WELSH miners yesterday called off a threatened strike from Monday over lack of investment and a virtual ban on recruitment in the South Wales coalfield.

By a majority of three to one, delegates voted to accept National Coal Board proposals to explore new investment opportunities and to lift the ban.

Posgate's future

LLOYD's will consider the future of Mr Ian Posgate, the former leading underwriter of the largest insurance syndicate in the Lloyd's market, at a full meeting of its new ruling council on Monday.

This follows a meeting of the Lloyd's committee yesterday which considered a judgment made in the High Court on Wednesday that Lloyd's acted outside its powers in suspending Mr Posgate last September.

Extra £134m

THE UK'S receipts from the European Community's regional development fund, which began in 1975, have passed the £1bn mark as a result of a final allocation of 1982 grants to Britain that totalled £134m.

The latest grants benefit 411 projects in the UK. Most are for infrastructural investments, but the European Commission pointed out yesterday that £12m of the grants would create or maintain about 6,000 jobs.

Cars mission

MR ALEX KITSON, deputy general secretary of the Transport and General Workers' Union (TGWU), will travel to Madrid next week to seek support from Spanish unions for the TGWU'S proposed ban on the import of General Motors' S-Car which is built at Zaragoza.

N. Sea takeover

THE government-backed British Underwater Engineering group (BUE) has taken over K.D. Marine, the Aberdeen-based company which has a share of about 10 per cent in the North Sea diving business.

Opportunities to Challenge your abilities

Alghanim Industries, a broadly based multinational marketing, manufacturing and service organization head-quartered in Kuwait, seeks highly qualified professionals for its finance organization.

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Interviews will be arranged in London or other cities if necessary but in the first instance applications to include full details of qualifications and previous experience should be addressed by air mail to

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ACCOUNTANT

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The ideal candidate should hold a recognised certificate in book-keeping/accounting or possess equivalent qualification. Applicants should have a minimum of three years' experience in general accounting environment in industry/commerce and be able to communicate effectively in English and French. Must be Swiss or holder of valid work permit. Salary negotiable, will be above average depending on qualification and experience.

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COMPANY NOTICES

ASICS CORPORATION
NOTICE TO EDR HOLDERS

The Chase Manhattan Bank N.A. as depositary gives notice that at a meeting of the Board of Directors of Asics Corporation, it was resolved that a free distribution be made to holders of common shares. Yen 50 each of 1 new share for every 10 common shares held as of record date January 20, 1983. With effect from January 17, 1983, the shares will be traded ex-capitalisation and also ex the year-end cash dividend which will be paid by the company, subject to shareholders' approval as of record date January 20 1983.

Coupon No. 3 to the EDRs will be used for the purpose of claiming the free distribution and coupon No. 4 will used for claiming the year-end cash dividend, both coupons being deemed to have matured on January 17, 1983. With effect from that date, both coupons should be detached from any EDR presented for surrender and will not be issued with any new EDR.

EDR holders are further informed that the register of shareholders of the company will be closed from January 21, 1983 and is not expected to reopen until February 20, 1983. During this period it will not be possible to register the transfer of share withdrawn against the surrender of EDRs. A further notice will be published as soon as practicable, stating the actual securities or other property to be distributed in respect of each EDR and the date and method to be employed for the delivery of payment thereof. It is only upon such notice that any payment or distribution will be effected against coupon No. 3 or coupon No. 4.

The new shares will rank for dividends having a record date on or after January 21, 1983, and will rank pari passu in all other respects with the existing shares.

THE CHASE MANHATTAN BANK N.A.
London, as depositary

January, 1983.

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND IMPORTERS

TRAFFIC TO AND FROM CANADA

The member Lines of the above Conferences operating services between the United Kingdom and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes ports would refer shippers and importers to the Press announcement published in June 1982 advising that the deletion of Quebec City from the Conference list of base ports had been deferred until 1st January 1983.

This matter has been the subject of further careful consideration by the member Lines and it has now been decided that Quebec City will remain a Conference base port until 31st January 1983 and that, with effect from 1st February 1983 to 31st December 1983 all cargo moving under Services 1 and 2 for which Quebec City Bills of Lading are issued, will be subject to the undernoted arbitrary charges:—

Per 20 ft container — Dlrs. 100
Per 40 ft container — Dlrs. 150

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline (Canada) N.V.
Hapag-Lloyd AG.
Manchester Liners Ltd. } Joint
Golden Cross Line Ltd. } Membership

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries

Cunard Building,
Liverpool L3 1DS
January 1983

GRANGES AB
THE GRANGESBERG COMPANY
U.S.$15,000,000
8½% Loan 1989

S. G. WARBURG & CO. LTD., announce that the annual redemption instalment of Bonds due 15th February, 1983 for a nominal value of U.S.$1,000,000 has been met by purchases in the market.

U.S.$6,000,000 nominal amount of Bonds will remain outstanding after 15th February, 1983.

30, Gresham Street,
London EC2P 2EB.

13th January, 1983

IRELAND
U.S.$25,000,000
8½% Bonds 1989

S. G. WARBURG & CO. LTD., announce that the annual redemption instalment of Bonds due 15th February, 1983 for a nominal value of U.S.$1.500 000 has been met by purchases in the market.

U.S.$10,500,000 nominal amount of Bonds will remain outstanding after 15th February, 1983.

30, Gresham Street,
London EC2P 2EB.

13th January, 1983

BANQUE INDOSUEZ
U.S.$150,000,000
Floating Rate Notes due 1990

In accordance with the terms and conditions of the notes, notice is hereby given that for the six month period from January 13, 1983 to July 13, 1983, the notes will carry an interest rate of $9\frac{7}{16}$%.

Banque General du Luxembourg
Societe Anonyme
Agent Bank

PUBLIC NOTICE

CITY OF LIVERPOOL BILLS

£19,050,000 Bills due 13 April 1983, dated 12 January 1983, were tendered for at an average rate of discount of £10.0074 per annum. These Bills were issued to replace £19,050,000 Bills repaid on 12 January 1983 and are the only City of Liverpool Bills outstanding.

C. M. REDDINGTON
Treasurer of the City

Lloyds Bank
Interest Rates

Lloyds Bank Plc has increased its Base Rate from 10% to 11% p.a. with effect from the close of business Tuesday, 11th January 1983.

Other rates of interest are increased as follows:
7-day-notice Deposit Accounts and Savings Bank Accounts – from 6.75% to 8% p.a.

The change in Base Rate and Deposit Account interest will also be applied from the same date by the United Kingdom branches of

Lloyds Bank International Limited
The National Bank of New Zealand Limited

Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS.

BANK OF SCOTLAND

Base Rate

The Bank of Scotland intimates that, with effect from 12th January 1983 and until further notice, its Base Rate will be increased from 10% per annum to 11% per annum

LONDON, BIRMINGHAM, BRISTOL & MANCHESTER OFFICES—DEPOSITS

The rate of interest on sums lodged for a minimum period of 7 days or subject to 7 days' notice of withdrawal will be 8% per annum, also with effect from 12th January 1983.

Bank of Ireland

announces that with effect from close of business on the 13th January, 1983 its Base Rate for Lending is increased from 10% to 11% per annum

Bank of Ireland

TSB BASE RATE

With effect from the close of business on Wednesday 12th January 1983 and until further notice TSB Base Rate will be 11% per annum.

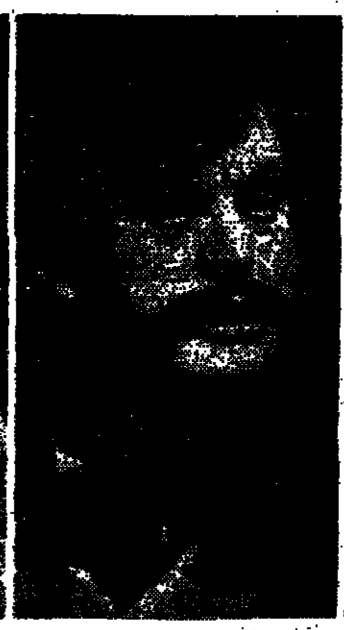
TSB

TRUSTEE SAVINGS BANKS
Central Board,
P.O. Box 33, 3 Copthall Avenue, London EC2P 2AB.

THE ARTS


Josephine Veasey as Herodias in Salome


Marie McLaughlin in Rigoletto


Thomas Allen in Don Giovanni


Lucia Popp in Die Meistersinger


Janet Baker in Orfeo, her final opera

Opera in 1982

The year of the cash crisis

Prophecies of doom dogged the opera world—until December brought a reprieve. **Max Loppert** considers the storm before the calm in a year of mixed blessings

In the end, the money was found. After all the pleas directed at the Prime Minister herself (not forgetting Sir Claus Moser's in this newspaper), and all the graphic prognoses of the shrivellings of and amputations to the living operatic body that would surely follow hard upon the threatened allotment of a 1983-84 Arts Council grant well below the rate of inflation, the eleventh hour announcement was last month made that the size of the grant would after all be increased by 7 per cent, and that a £5m supplement would be held in trust for companies already in dire straits.

It was, it is said, the direct intervention of Mrs Thatcher herself that made possible the reversal of the Treasury's "hard-headed" calculations; and if this can perhaps be reckoned an act of intervention of a kind the present government is committed to avoid, then so much the better for the arts in general, and opera and music in particular, which (with exceptions) have fared miserably under it. (So indeed has music education, under threat in all parts of the country, with effect on future generations of performing bodies as yet incalculable but already all too easily predictable.)

But, as David Cairns so eloquently argued in a recent *Sunday Times* article, until there is official recognition that the arts are "one of things we do best and one of our most successful industries," the hand-to-mouth existence and the annual end-of-term panic as books have to be balanced and schedules made up, will remain one of the most dismal (and reliable) features of the British cultural scene.

Noisiest of all those bodies forecasting doom—not just, it should be stressed, for itself alone but on behalf of all the leading arts groups—was the Royal Opera House. It gave an immediate example of its own distress by cancelling the proposed 1983 short season at Manchester, a visit that now seems secure after all. Another example had already been made available by the schedule of the current season, which offers only two new productions. Sympathy for the plight of the Royal Opera—rated an international house but funded (comparative to Paris, Munich, Milan, Vienna etc) grotesquely unlike one—is not hard to come by.

And yet questions persist — and at the November Press conference were forcefully pressed — about the house's artistic policy, or the apparent absence thereof. Autumn rumours about the nomination of the next musical director were, if any degree credible, hardly reassuring about the order and kind of artistic priorities that obtain there (the name floated was that of Riccardo Muti, who is said to have refused the offer—*deo gratias*). Once again, at the close of a year by no means without its good features, the sense came across rather too strongly of an organisation rudderless and demoralised, surviving from performance to performance without larger artistic goals or schemes in view. There was provided, in instances of puzzling casting, justification for the suspicion that second-rate foreign singers can often contrive an easier entry to the Floral Street stage door than several first-rate British — how, for instance, was it possible that Ursula Koszut should be invited to show us her (singularly unworthy) Mozart Countess when Heather Harper never has?

The two new productions framed by 1982 were both major disappointments — the devoutly dull Giulini *Falstaff*, and Handel's *Semele*, all but smothered in producer's and designer's kitsch (I wonder how much it cost). Passing speedily over the dim *Boccanegra* and *Sonnambula*, and respectful but very creaky *Khovanschina* (with the chorus at its lowest ebb in a year of generally poor standard), let me in fairness also record some happy revivals —*Hoffmann*, an enjoyable and worthwhile *Meistersinger* (in what the Germans call a *Neuinstudierung)*, just about the most involving *Pelléas* the house has yet produced, *The Rake's Progress* less flippant and fussy than when first exhibited three seasons ago.

Jon Vickers gave his final London Tristans, and his justly admired Canio; from *Die Meistersinger* the trio of Hans Sotin, Lucia Popp, and Reiner Goldberg are remembered with much pleasure, as are Eugenia Moldoveanu's porcelain Mimi and the *Pelléas* team of Allen, Bacquier, Anne Howells, and conductor Varvison. Also the "new look" Elizabeth Connell as an elegant and dramatic Vitellia, Nesterenko's splendid Ivan Khovansky, Sarah Walker's ebullient Baba the Turk, and the attractive young American Kathleen Kuhlmann (the single *Semele* performer to penetrate all the prettifications). In the first cycle of the now sadly *passé* Friedrich *Ring*, it was to Linda Esther Gray's glorious Sieglinde and Gwyneth Jones, a Brünnhilde vocally unruly but unsparing of ardour and commitment, that most of the stage interest was owed. With *Tristan*, *Meistersinger*, and a *Ring* newly energetic and fluent, Colin Davis proved—to some, if not all, of his listeners — that his Wagnerian credentials are securely assembled; now might we perhaps be allowed a plurality of Wagner conductors in the future?

Passing no less speedily over some English National Opera revivals of routine quality, if not even worse (*Carmen*, *Figaro*, the first *Bohème* series, *Aida*, all with inferior or unbalanced casts), I must note that the partnership of Mark Elder as principal conductor and David Pountney as principal producer began in 1982 to produce definite results. It was a year of impressive company achievement at the Coliseum—the Elder-Pountney *Dutchman* (wildly excessive in stage business yet irresistibly exciting) and *Makropulos Case* very high in the reckoning, both irradiated by the extraordinary art of Josephine Barstow.

The Jonathan Miller *Rigoletto*, time and place moved to New York's Little Italy of the 1950s, has already gained wide fame (I dread to imagine how it will fetch up, revived by a house-producer with a notebook, in 10 years' time); Marie McLaughlin's *West Side Story* waif of a Gilda was heartbreakingly beautiful. The British premiere of Ligeti's *Le Grand Macabre*, though for me it lacked native charm and comic exuberance, was a piece of stunning theatrical brilliance, on which the mad colouratura of Marilyn Hill Smith's Chief of Police set a seal. The long-admired *War and Peace* came handsomely back; so too did Massenet's *Manon*, which found Valerie Masterson (surprisingly subdued in *Semele* "up the road") in incomparable form; and among other characterisations I must not forget the hero of the ENO *Pelléas* revival (which came up in fascinating contrast to the Royal Opera's), Russell Smythe, all quicksilver eloquence and youthful passion.

Atoning for the dramaturgical "dottiness" (Rodney Milnes' *mot juste)* of previous seasons, the Welsh National had one of its shining years—an overwhelming new *From the House of the Dead* and cannily cast *Katya Kabanova* revival (headed by Söderström and the great Rita Gorr); much-liked new stagings of *Ballo*, *Chenier*, and *I Puritani* (by Andrei Serban, a genuine *tour de force* of theatre, if not of the purest *bel canto*); and from an earlier period, the *Tamerlano* that at the Edinburgh Festival conspired with the Piccola Scala's *Ariodante* to delight Dominic Gill and to infuriate the ranked Nardelian scholars. I loved the new *Bartered Bride*, plain, honest, exhilarating, and loathed Michael Geliot's lumpishly jokey *Don Giovanni*, the year's single resounding WNO flop.

Money shortage enforced severe restrictions to Scottish Opera's schedule; a charming, very pretty Leppard-Cavalli *Egisto* (in which Delia Wallis and George Shirley made welcome returns to British opera) and *Manon Lescaut* were the important new productions. Their producer, John Cox, is now the Scottish Opera boss—will he mastermind the desperately needed turnaround in the company's fortunes? Still in the regions, Opera North consolidated its activities with (among other things) *Nabucco*, *Manon Lescaut*, *Werther* and an £80,000 *Prince Igor* that some reviewers insisted needed much better singing. The Cheltenham Festival restored its operatic department with a visit, modest but of genuine ensemble character, of the Warsaw Chamber Opera in Cimarosa, Haydn, and Rossini. Kent Opera, with characteristic boldness, added *Fidelio* (in Jonathan Miller's unvarnished production) and Handel's *Agrippina* (spoiled by touches of crude farce) to its repertory.

It was, indeed, a notable year for 18th century opera. Apart from all those already mentioned (Handel to be found, admittedly in a wide variety of styles, in all stages), there must be brief recall of the Musica nel chiostro *Zaide*, Mozart "reinvented" by Italo Calvino, at the Old Vic; of *The Beggar's Opera* by both Kent Opera and Opera Factory (the second a vulgar travesty compensated for by the controversial but extraordinarily gripping Birtwistle *Punch and Judy* that David Freeman's company gave in tandem); of J. C. Bach's *Adriano in Siria* among the Camden concert performances; and of an *Idomeneo* pilgrim's encounter with the Ponnelle production in both Zurich and New York (where Luciano Pavarotti reclaimed for himself true artistic seriousness). But perhaps the single most valuable rediscovery of 1982 was Gluck's *Armide*, returned to bizarre but unforgettable life in Wolf Siegfried Wagner's eccentric, illuminating production for the Spitalfields Festival, with Felicity Palmer a heroine of fierce, furious power.

Even if its programme included revivals of *Il barbiere* and *Der Rosenkavalier*, and a new *Love of Three Oranges* that let rip a prolonged and tiresome burst of producer's High Jinks, Glyndebourne's best work was reserved for this period. Peter Hall's *Don Giovanni*—conducted by Haitink, led by Thomas Allen (magnificent in the title role), Carol Vaness, and Richard Van Allan—came back in triumph, quite the most exciting and disturbing *Don* of my experience. In Sir Peter's new staging of Gluck's *Orfeo*, there were unexpected lapses into sentimentality and artiness (and unexpectedly weak leading sopranos in Elisabeth Speiser and Elizabeth Gale); in the conducting of Raymond Leppard and the Orpheus of Janet Baker, the performance touched greatness all the same.

With *Orfeo* and the *Mary Stuart* revived for her at the Coliseum earlier in the year, Dame Janet secured her final withdrawals from the stage—occasions much celebrated and justly lamented. But 1982 saw the sudden withdrawal from the scene, without fuss, at the end of the Covent Garden *Salome*, of another leading British mezzo-soprano, Josephine Veasey. The opportunity having been lacking earlier, let me pay a belated tribute to one of the best British voices produced this century, and to an artist of wonderful strength, firmness, and cleanly moulded style. Veasey was underrated by the record companies, and under-employed in Britain in the last decade; those of us with experience of her Wagner (Venus, Brangäne, Fricka, Waltraute) and above all of her Berlioz Dido at its noble best must now bid her a sad but grateful farewell.

Samson et Dalila/Covent Garden

Ronald Crichton

Moshinsky's sympathetic presentation of *Samson et Dalila* was revived on Tuesday night with Jon Vickers and Shirley Verrett once again in the title-roles. Well worth a second visit. With strong support from Sidney Nolan's sun-baked standstone setting (a nice change to be able to praise operatic scenery for being "painterly") and costumes, biblical or gaudy —the latter vying in their eclecticism with the musical orientalism of the score — Moshinsky has achieved one of the Royal Opera's most successful offering. Production and performance rehabilitate an opera once widely popular but more recently spurned, at least by those who only knew it from the over-familiar excerpts.

Vickers this time was less compelling in the tub-thumping exhortations of the first act, happier in the seduction of the following act, much more impressive than before in Samson's abject monologue at the millstone. How this tenor contrives to weld several varieties of rough tone and mannerisms, such as the frequent taking of notes from below, which one would hardly find acceptable in other singers, into a final impression of powerful integrity, goodness knows. Yet the magic still works.

Verrett's Dalila remains an intelligent, skilfully sung portrait, visually most striking. She was in better voice than when I heard her in the role last season, so much so that she could surely afford to relax the tempo in her arias. What one noticed too seldom was the ability, invaluable in French opera, to utter a phrase with absolute tonal and verbal clarity. The French text in this performance (Lemarre's libretto is good) was reasonably, but not very well, treated by the non-French cast.


Jon Vickers and Shirley Verrett

Richard Van Allan now sings the satrap, Abimelech, delivering his short theme with a devilish relish that explained Samson's murderous reaction. As High Priest, Jonathan Summers is greatly improved, but the difficult second act duet with Dalila, in part a clever tribute to Verdi, needs still more incisive treatment from both partners. The chorus obviously enjoyed the grateful writing that owes not a little to the English oratorio tradition, about which Saint-Saëns knew more than most French musicians.

The dancers responded with a will to David Bintley's choreography, an improvement on most of today's efforts to re-animate opera ballet. Georges Prêtre conducts the revival, often sensitively, especially in act three, elsewhere sometimes pushing the pace so that the sound went narrow—wrong in music so clearly written that not a word or note need be lost.

Dirt/Cockpit

Rosalind Carne

Half way through this unprepossessing little entertainment, one of the four female participants sweeps the stage clear of debris. More clutter quickly accumulates; frilly underwear, playing cards, money, raw eggs, assorted bits and pieces which give some indication of the confused satire and gimmicky presentation which characterise the evening.

The company, Blood Group, attempts an attack on sexual double standards by taking a series of apparently pleasing idylls and turning them inside out. Ten years ago their methods and preoccupations might have appeared provocative and bold, now they are simply dated. We may still be fighting the same battles, but the time has long passed when shoddy feminist theatre can expect to be taken seriously on the strength of its political message.

That said, the performances are not exactly bad, rather they are uninteresting. There's little scope for comment when the sum of dramatic expression lies in occasional indications of outrage or shock, unexceptional movements and the odd physical contortion. What interest there is lies in the use of objects and human imagery, but the result looks and sounds like a debased version of a production by Hesitate and Demonstarte.

At the start, birds twitter, wind soughs, and three Edwardian ladies disport themselves on a patch of grass. They pour tea into doll's house china, shed their voluminous clothing and strike suggestive poses with croquet mallets. A motorbike roars by. Scene two puts them under the red light as they demonstrate the sleazy side of prostitution. Marriage, showbiz and childhood each receive the debunking treatment.

Sianed Jones is the versatile musician, on violin, cello saxophone and percussion. Her moment of triumph comes when she takes on the surprising role of air stewardess and delivers a long, extraneous speech in Welsh on how to fix a life-jacket in case of mid-air emergency. At least I think that's what it was about. She mimes the procedure with nice deliberation — the only spark or originality in the entire affair.

Zappa/Barbican Hall

Dominic Gill

Pierre Boulez conducting a concert of music by a well known American pop star ranks high in my list of the Most Unlikely Musical Events of the Decade. But it is so: next season in Paris Boulez is scheduled to conduct the Ensemble InterContemporain in a concert of works specially commissioned from Frank Zappa. There must be some explanation.

The explanation, however, after Tuesday night's concert of "various musics for large orchestras" by Frank Zappa — played by the LSO, and paid for in its entirety, with characteristic reticence, by the composer himself — is not immediately apparent. Among his many roles — rock-star, group-leader, iconoclast, lyric-writer, video film-maker — Zappa also cherishes the guise of "serious" composer. It's unfortunate that the orchestral works which are the consequence of this interesting indulgence are so much less vivid than the man himself.

They are in fact, if you first take the chewing-gum out of your ears and the cotton-wool out of your brain, quite remarkably uninteresting and tedious. None of the five pieces of various durations given on Tuesday was in any way unpleasant or in any way admirable or characterful, and each one was very much like the other. The longest, *Mo 'n Herb's Vacation*, at nearly half an hour, was atypical only for its length: a mishmash of manners and styles (I should guess both intentional and unintentional)—flickers of Gershwin, swirls of Vaughan Williams, glints of Berg and Mahler, bits of Bernstein and chunks of Cecil B. De Mille.

The eclecticism is oddly conservative: nothing here which even hints at the raw insistence of pop (welcome as that would have been) or the rhythmic energy and variety of jazz. Instrumentation is heavy, unimaginative; colours are monotonous; technique generally is exuberant, but used to little point. Kent Nagano, a willowy Japanese from California, conducted. A large and enthusiastic audience was, by and large, plentifully prepared with gum and wool. In the evening's last piece, *Bogus Pomp*, Zappa offered his fans—cool cat that he is—Lots o' Fun for the Bar-B-Can. But like the rest, the fun too was sham: the kind of pretentious guff which in my book is the musical equivalent of 40 miles of bad road.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 7–13

Exhibitions

PARIS

Ireland's Art Treasures: Dublin's National Museum has loaned 91 of its most precious possessions from a sculptured stone dating from 3000 B.C. to the Ardagh Calice, the Tara Brooch and Brian Boru's harp testifying to the originality and exquisite workmanship of Irish art through the ages. Grand Palais, Closed Tue. Ends Jan 17.

From Carthage to Kairouan, 2,000 years of art and history in Tunis. Magnificent mosaics and a vast model of the Kairouan Mosque retrace the succeeding Phoenician, Roman and Islamic influences on art in Tunisia. Petit Palais, Closed Mon. Ends Feb 27.

Fantin-Latour (1836-1904). 150 paintings, pastels, drawings and lithographs bring home some unsuspected facets of his art. Best known for his rather sombre collective portraits of the intellectual elite of his time, his poetic flower compositions charm with luminosity and colours. Fascinated by music, his illustrations of Wagner and Berlioz are his escape into the world of dreams and phantasy. Grand Palais. Closed Tue, ends Feb 7. (2603926)

"Le Festin et l'Art". Crystal glass cut, engraved, enamelled vies with the gold and flowers painted on the finest porcelain in recreating the festive atmosphere of receptions at the court of the Habsburgs, Louis-Philippe or Czar Nicholas II. There is also a group of goblets and bowls of rare 17th century German goldsmith work lent, among other exhibits, by the Viennese Museum of Applied Arts. The Louvre des Antiquaires, 2 Place Palais Royal, open Tue to Sun. Ends Jan 16. (2972700)

WEST GERMANY

Berlin, Martin-Gropius-Bau, 110 Stresemannstrasse: International trends in contemporary art are represented through about 50 artists. Their 250 paintings, sculptures and environments highlight the feeling, the consciousness and subconscious tendencies at the beginning of the 1980s. Ends Jan 16.

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: Oil paintings and drawings from between 1912 and 1936 by Giorgio de Chirico, the Italian artist. Ends Jan 30.

Berlin, Bauhaus Archiv, 13-14 Klingelhöferstrasse: Furniture, industrial products, models, sketches and photographs from between 1923 and 1964 by Ferdinand Kramer, the German architect and designer. Ends Jan 22.

Hanover, Kestner Gesellschaft, 18 Warmbüchenstrasse: The first venue of an exhibition on New York Now touring the Federal Republic at present. It comprises more than 100 works from the last five years by 20 New York painters and sculptors. Ends Jan 23.

Munich, Villa Stuck, 60 Prinzregentenstrasse: Vienna around the turn of the century is the topic of roughly 200 graphics and book illustrations by the so-called Austrian Secessionists. Among them Gustav Klimt and Oskar Kokoschka. Ends Jan 30.

LONDON

The National Portrait Gallery: Van Dyck in England – if not unquestionably the greatest, pace Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its final years. He could not have done this without an army of studio assistants and it is easy enough to recognise the fruits of the production line, but he was a wonderful artist for all that. He is a painter's painter, steeped in the works of the earlier Italian masters, and the worthy successor to his own master, Rubens. Ends March 20.

ITALY

Rome, Campidoglio: An exhibition of 12 paintings and six drawings by Andy Warhol inspired by de Chirico. Ends Jan 31.

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Rome, Accademia di Francia: 'Mediterraneum Picasso,' a collection of about 100 works inspired by Mediterranean life. Ends Feb 13.

NEW YORK

Guggenheim Museum: Selections from Peggy Guggenheim's Venice collection will be displayed for the first time in New York, including works by Braque, Chagall, de Chirico, Picasso, Mondrian and Duchamp. Ends March 13. A retrospective of Yves Klein includes 100 paintings and sculptures and personal letters and photos. Ends Jan 9. (8601300)

WASHINGTON

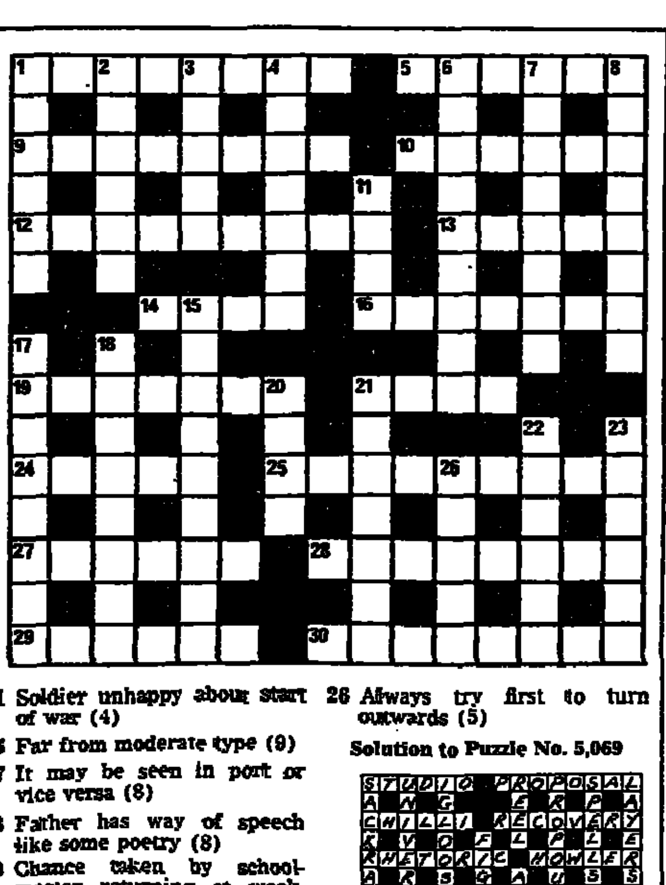
National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time, including Manet, Monet, Caillebotee, Daumier, and Vuillard, in this thematic exposition. Ends March 6. Seven major series by sculptor David Smith are represented in the 60 large works in welded metal included in the exhibit. Ends April 24. (3572700)

VIENNA

Kunsthistorisches Museum: Stones of the Pharoes. An exhibition of works of art starting from pre-historic days, using a wide variety of materials from precious and semi-precious stones to various types of stone. Geologists have brought together 1,000 varieties of stone from 400 quaries in Egypt to identify the source of materials used as long as 2,500 years ago. Samples of rock are displayed alongside the statue or similar work of art. Ends Jan 23.

Historisches Museum: Oskar Kokoschka; the early years. Ends Jan 30.

F.T. CROSSWORD PUZZLE No. 5,070



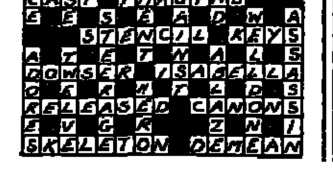
ACROSS

1 Harbour where one doesn't pay dues? (8)
5 Small freeholders from the old Sultanate (6)
9 Remove hair plaited strangely to a point (8)
10 Farm worker's handle? (6)
12 Box spectacle (5-4)
13 Have the right name (5)
14 Rapid pace of hawk's prey (4)
16 They shouldn't appear in the newspaper (7)
19 School loses house grant (7)
21 Irishman taking English crown (4)
24 Striking engineer exaggerated (5)
25 He leaves the dock a free man (9)
27 Denier tossed by a daughter of Nereus (6)
28 Many on road by haystack come across stray calf (8)
29 Tell clergyman has no capital (6)
30 Five sides in Washington (8)

DOWN

1 Headgear for iron lady (6)
2 Once the drink to send abroad (6)
3 Left in time to see the Spanish sign (5)
4 Pale blue material from Somerset (7)
6 Oriental gun and French for a short letter (9)
7 Fighting—may be a 15 (8)
8 Calls Ron up to meet Scandinavian (8)
11 Soldier unhappy about start of war (4)
15 Far from moderate type (9)
17 It may be seen in port or vice versa (8)
18 Father has way of speech like some poetry (8)
20 Chance taken by schoolmaster returning at week-end (4)
21 Soft cloth—measure to make fit (7)
22 Dealing successfully with top course (6)
23 Useless person in short coat (6)
26 Always try first to turn outwards (5)

Solution to Puzzle No. 5,069



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Thursday January 13 1983

Time for an Arab gamble

WHILE OTHERS bicker, Israel creates facts. It is happening now in southern Lebanon, as it did once in the Sinai, and as it still does in the West Bank, Gaza and the Golan Heights. Over seven months ago Israel invaded Lebanon, with the stated objective of pushing Palestinian guerillas back some 30 miles. Instead they went all the way to Beirut and remain only a few miles from its gates. The border with Israel is open, commerce is flourishing

Over 15 years ago not dissimilar events occurred on the West Bank and Gaza. Not only is Israel still occupying that territory but its accelerated programme of building settlements could become de facto annexation. Meanwhile the Arab nations are still anguishing over precise peace proposals and Britain—which together with other Europeans might have a constructive role to play—has become embroiled in a unnecessary row over the visit of an Arab League delegation.

A new effort to get the diplomatic process under way is urgently needed. Hence the sudden return to the region of Mr Philip Habib, the special U.S. envoy who back in the summer negotiated the withdrawal of Palestinian guerillas from Beirut. His immediate task is to breathe life into the negotiations between the Lebanese Government and Israel on the withdrawal of all foreign forces from that ruined country.

Relations

After six sessions there are already uncomfortable parallels between these talks and the inconclusive year-long haggling over Palestinian autonomy between Egypt and Israel, which also opened with a lengthy wrangle over procedures and the agenda. Israel appears to have dropped its demand for a peace treaty with Lebanon in return for withdrawal, but is still insisting on the establishment of full, normal relations between the two countries. The present Lebanese Government may argue that with the area under its direct control limited to Beirut it is scarcely equipped to make such far-reaching decisions

However there are powerful political reasons why Mr Begin can be expected to stick to his guns. The invasion of Lebanon divided the Israeli public as no other war has done. Not only has it cost Israel several hundred dead but continued occupation is bringing in its wake a further flow of casualties. With the commission of inquiry into the massacre of Palestinians in Beirut due to report in the next few weeks, Mr Begin must feel the need to demonstrate tangible political gains. To withdraw Israeli troops without those gains would be to invite additional criticism.

Agreement

The one point of agreement between the Israelis and the Lebanese is that the Syrians and remaining Palestinian forces should also withdraw from the country. Mr Habib will therefore have to be in Damascus as often as he is in Beirut or Jerusalem, with the eventual goal of simultaneous staged withdrawal which statisfies all parties.

What is ultimately at stake for the U.S. is the credibility of President Reagan's September 1 peace proposals. There have been some indications of movement from the Arab side but not yet enough to convince the Administration that, on the core issue of Palestinian autonomy, it should use any additional methods to make Israel modify its blanket rejection. The risk is growing daily that Mr Reagan's proposals—which still offer the best and most realistic hope of movement towards a just settlement—will run into the sand.

After the shocking loss of life and destruction in the Middle East during 1982 it must surely be in the Arab interest to gamble—to make it crystal clear to Mr Reagan that they offer full recognition and peace with Israel in return for a withdrawal from occupied territory and autonomy for the Palestinians. Such an offer would put to the test the determination of Mr Reagan to press for a Middle East settlement. It would also face the Israeli electorate with the prospect of a genuine debate about relations with the Arabs and of an alternative to the policies and methods of the Begin Government.

North-South divide

TO SAY that Britain has a North-South problem no doubt borders on over-simplification. But only just. The precipitous decline in manufacturing over the past three years has fallen disproportionately on depressed regions and inner city areas north of Watford. The economic and social consequences of this geographical divide, which so closely resembles the pattern in the 1930s, is something that no government can afford to ignore.

The conventional textbook prescription for regional unemployment is a flexible labour market and a sensitive response in the prices of goods and services. The increase in competitiveness arising from a decline in market clearing prices is supposed to coax people and businesses back into the region.

Labour markets, however, are notoriously rigid and not all prices reflect differing regional conditions. The strain tends to be taken by migration, as in the shift of population from the declining North-east of the U.S. to the rapidly growing sunbelt states. This has important consequences for public expenditure; congestion in areas to which the population shifts creates a need for new infrastructure, while infrastructure in declining areas still has to be maintained. Only to a limited extent does government in Britain appear to have curbed the comparable recent drift from the depressed regions to the South-east.

Unemployment

In an interesting new analysis of employment problems in the cities and regions, the latest Cambridge Economic Policy Review argues that current regional policies are neither appropriate nor cost-effective; and on the basis of a model of regional employment linked to the Cambridge Economic Policy Group model of the national economy they produce some predictably hair-raising figures for the level of unemployment by 1990 in the regions, after allowing for North-South and overseas migration.

Certainly regional policy appears to have created as many problems as it has solved. The crisis in Britain's inner cities is, in part, the consequence of a regional policy which encouraged people and businesses to move out, until 1976, leaving all those groups naturally prone to unemployment behind them. Financial assistance for the inner cities fails to differentiate between inner city residents and those who commute in to reap attractive job opportunities.

It is highly questionable whether the diversion of jobs to depressed areas when the economy was expanding in the 1960s and early 1970s brought any net economic (as opposed so social) gains to the national economy. And as the review argues, it is even less likely to do so in the present recession.

Concentrated

Subsidies have too often been concentrated on capital intensive manufacturing, which creates few jobs at high cost, while too little attention has been paid to service industries. The definition of assisted areas has not caught up with the recent geographical trends in unemployment. There is, moreover, a lack of co-ordination between central and local government, between regional and inner city policy.

The minimalist case for a change in policy is that existing regional aid can be painfully discriminatory. The West Midlands is *not* an assisted area, although it has a higher rate of unemployment than Scotland, so the job drain there is almost certainly exacerbated by current regional policy. Other sensible Cambridge suggestions include a cost-per-job limit on aid for capital intensive projects; and while the report acknowledges that growth in services tends not to be an independent source of regional expansion, it suggests that the existing service industry scheme could be strengthened and more narrowly directed towards inner cities, where the social case for assistance is powerful.

Not all remedies, however, lie in the hands of the Government. A more flexible wage response in areas where the cost of living is below average would unquestionably help stimulate indigenous manufacturing activity where it is most neded. And while it is probably unrealistic to argue that an American-style regional banking system, which is sensitive to local needs, could be introduced in Britain, there is a case for more active local venture capitalism by pension funds. Over-centralisation in the British financial system does nothing to help.

EUROPE'S SPACE INDUSTRY

The struggle to catch up

By David Marsh in Paris

IN THE early hours of September 10, a rather unorthodox gearbox in a highly inconvenient place—200 km up in the equatorial night sky over the Atlantic and travelling at 7km a second—suddenly decided to stage a protest strike.

The gearbox was running a turbo-pump turning at 61,000 revolutions per minute powering liquid hydrogen and oxygen, at temperatures varying between −250 degrees C and +800 degrees C, into the third stage of the European space rocket Airiane.

The gears ran perfectly for four mintes eight seconds. Then, fatally, the turbine speed dropped by two-thirds. Just 14 minutes after blast off from French Guiana on what was supposed to be the rocket's first operational flight, $50m-plus worth of sophisticated machinery and electronics—including two gleaming new satellites planned to have been put into orbit — plunged ungracefully into the ocean.

The failure was one of the most dramatic blows so far to Europe's French-led hopes of competing with the U.S. in the commercial exploitation of space.

More than prestige is at stake. All-seeing American and Soviet "spy" satellites now girdling the earth form the "high ground" from which, military planners believe, will be decided the outcome of any armed confrontation between the super-powers.

In the same way, the civil telecommunications and TV satellites planned by many countries over the next few years also represent strategic assault points. They form the key to the commercial and cultural wars which will be waged among nations in the rapidly-growing electronic media and information business.

The issue of who has jurisdiction over messages and images beamed from space has already divided the UN and international telecommunications organisations. On the industrial side, the battle is not only among specialised aerospace and electronics companies in the U.S. and Europe but also among the host of media, publishing and computer concerns linked up to the ground networks of future satellite systems.

After the Ariane crash—its second in five launches so far—the U.S. space agency NASA sent a telegram of condolence to the European Space Agency, the 11-nation group which co-ordinates Europe's space activities.

The Americans can afford to be magnanimous. For not only in launches with the space shuttle and conventional rockets, but also in the crucial business of making satellites for both home and export markets, the U.S. is streets ahead.

The Americans' natural lead in space has been lengthened by rivalries and feuding in Europe. The competition centres around France, which aims to use its dominant position in the European space race as a key economic tool to help boost high-technology industries.

Widespread plans for television cabling in Britain, West Germany and France, being pushed actively by all three governments, go hand in hand with the satellite industry.

Television satellites of the sort which all three countries (and several other European nations) are planning can be used to beam programmes down either directly to households equipped with dish aerials or to relay stations from which the messages can be sent to home by cable.

Some satellite plans, in both industrial countries and the Third World, have been put back by the recession and technical hitches.

However, M Jean-Pierre Chevenment, the French Research and Industry Minister, who can always be relied upon to enthuse over new technology, has spoken of 500 civil satellites encircling the globe during the 1990s, of which 40 will be for direct TV systems.

Networks enabling computer-stored information, telephone communications and images to be received on the same terminal will "transform one of the fundamental elements of our civilisation."

Underlining the nationalistic sentiments at stake, he adds that French companies need to be present in the new markets to help preserve "the French life, culture and language."

ESA officials joke that Ariane, 60 per cent of whose $1bn development costs have been put up by France, is labelled a French rocket in the Paris Press when it goes up, a European one when it comes down.

Yet whatever its mishaps so far—and accidents are inevitable in the early stages of any unmanned rocket programme—Ariane is unmistakeably a pan-European project.

The same unity is not apparent in satellite-making. European manufacturers and users are split up into separate groupings competing against each other (see panel). This has given the American satellite companies—particularly the world leader, Hughes—more or less free rein in the world market.

Whatever the dreams about winning big orders abroad from Third World countries, European companies so far have clinched just one external communications satellite order. This was for the Arab League's satellite, Arabsat, won by Aerospatiale of France. And even this was in co-operation with Ford Aerospace of the U.S.

There are plenty of voices calling for greater European unity. The man who might be called Europe's Mr Space is Professor Hubert Curien, president of France's national space agency CNES and also chairman of the Council of ESA—two jobs which, because of almost constant sparring between the organisations, require a diplomat's talent to combine.

"Europe undoubtedly has too great a diversity in satellite product lines," he says. One of his priorities, he adds, is to try to bring about more "cohesion" among the competing families of satellite makers.

Herr Johannes Schubert, head of the space division of Messerschmitt-Boelkow-Blohm, Germany's leading space company, says that EEC companies bidding for satellite orders on the world market are in the same unfavourable position compared with the U.S. as European aircraft companies were vis-a-vis Boeing before the Airbus consortium was founded.

He calls for greater government help to boost satellite orders — offering export guarantees, for instance, as in the case of the Airbus.

At British Aerospace, Mr Colin Wearmouth, in charge of business development at the space and communications division, also says that European satellite industries will have to come together into "effective teams."

ESA itself has been greatly irritated in the past by Franco-German efforts to go it alone in commercial satellites. M Alain Pinglier, in charge of the agency's telecommunications missions, says that Europe may be at the "bottom of the curve" in satellite co-operation. "We may now be on the way up," he says.

However, up to now it has been all words and no action. The Germans, infected by the French enthusiasm for national satellites, are planning a new advanced telecommunications satellite project on which the final decision will be taken in the spring.

Partly to provide domestic jobs, this looks likely to be built by a mainly German consortium led by Siemens and Messerschmitt—which will add one more to Europe's fragmented "family" of satellite makers.

For a mixture of political and commercial reasons, there is also considerable rivalry among potential satellite users.

There is also a good deal of bickering between ESA and the various national government agencies. Because of its encroachment into telecommunications, ESA finds itself not only the natural target for attacks from CNES but also from the French Post Office—a powerful combination.

The French and Germans decided to split off from the ESA grouping in direct TV satellites at the end of the 1970s because they felt that the agency was too lumbering and bureaucratic an animal.

The Germans in particular attack ESA's rival L-SAT TV satellite scheme as costly and inefficient. "It is a wonderful technological toy—but not exportable," sneers one industrialist. A German ministry official in Bonn charges that ESA is "slow" in reacting to commercial possibilities and has insufficient control of costs.

ESA says it is aware that its job is not to commercialise satellites but to prompt industry to do so, at a pan-European level.

Meanwhile, back at the sharpest competitive end of the space market, Ariane planners are trying to assess the commercial damage caused by the rocket's September crash.

Since then, the U.S. Space Shuttle has made its first operational launch—putting two communications satellites perfectly into geostationary orbit, 36,000 km above the earth, along the way.

The next Ariane launch, originally planned for last November but now not expected at least until April, will be of "capital importance," says Herr Klaus Iserland, deputy director general at Arianespace, the commercial organisation, owned mainly by the French, set up to market Ariane flights.

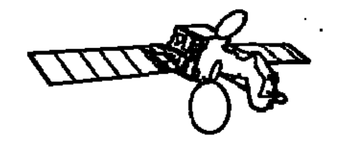
The overall cost of the delay is put at around $30m — chicken-feed compared with the amounts at stake.

Arianespace itself has firm orders worth about $500m for satellite launches in the mid-1980s. Since the September failure, both Mexico and Australia have booked the Space Shuttle rather than Ariane for future launches.

Arianespace held a presentation in Washington in November for U.S. clients — including such giants as General Telephone and Electric, Western Union and Southern Pacific — to explain the rocket's crash. "They gave us a rough time," admits Herr Iserland.

The only tangible result of the setback so far, Arianespace feels, was the Mexican decision. But it knows that no more orders will be signed until the next Ariane has rocketed safely up into the sky.

THE SATELLITE BUSINESS



Who builds them

THE world leader is Hughes Aircraft of the U.S. Ranged against it and other U.S. manufacturers, including RCA and Ford Aerospace, is a collection of European "families":

Eurosatellite, owned mainly by Messerschmitt and ATN (formerly AEG Telefunken) of West Germany and Aerospatiale and Thomson-CSF of France, was set up in 1978 in a Franco-German breakaway from European Space Agency (ESA) groupings.

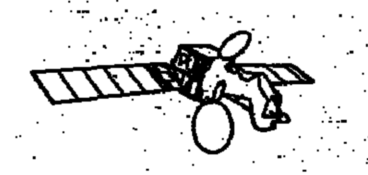
Satcom International was formed by Matra of France and British Aerospace in 1981 to try to sell telecommunications satellites both within and outside Europe. It is the industrial grouping favoured by ESA to commercialise technology developed experimentally by the agency.

Aerospatiale also collaborates with Ford of the U.S.—a third French grouping which officials say shows that France does not look "exclusively" to Europe

L-SAT is the satellite being developed by ESA, under British Aerospace leadership, following the Eurosatellite breakaway. It is an advanced telecommunications and TV satellite, planned to be launched in 1986.

A German family could be formed as the result of Bonn's wish to build a communications satellite for launch in 1986, using a Siemens-Messerschmitt-ATN consortium.

Ariane: Europe's hope for the battle in space



Who uses them

EUROSATELLITE is building the French and German TV satellites TDF-1 (shortly to be followed by TDF-2) and TV-SAT-1, with launching planned in 1985 as the basis of these countries' future direct TV networks.

Satcom is expected to build the British direct TV satellite Unisat planned for launch in 1986, financed one third each by British Aerospace, Marconi and British Telecom. It may also build a satellite for Italy.

France also hopes to put up its Telecom satellites, built by Matra, from 1984, for business and telecommunications links in Europe and with overseas territories. It is also commercialising an observation satellite, SPOT.

Luxembourg has yet to decide which company will build its medium-sized TV satellite—or if the project will go ahead at all. Sweden has signed a letter of intent with Eurosatellite for TELE-X.

Switzerland and Austria are waiting in the wings to decide on direct TV projects. Spain, Portugal and Ireland are also possibilities.

European companies feel they have little chance to break into the now-opening U.S. market for direct TV satellites. Hughes has swept the board with communications satellites for Brazil, Mexico and Australia against European competition.

Men & Matters

Nott's bonds

The City skyline has changed a lot since Sir John Nott first practised the merchant banker's craft in 1960 but many of the faces are going to be familiar when the former Defence Secretary joins Lazard Brothers in April.

Two of his colleagues on the Lazard's board, chairman Ian Fraser and Bernard Kelly, worked with Nott when he was general manager at S. G. Warburg in its old King William Street base hard by the Old Lady and the Royal Exchange.

Fraser credits Nott, a money market specialist in those days, with the invention of yearling bonds. But Lazard's likes its directors to be roving ambassadors and the new recruit will have to become something of an all-rounder.

"He's going to have to re-familiarise himself with the business," says Fraser, "and he'll be spending several months going round all our departments."

Lazard's is becoming best known these days as an adviser to big, nationalised industries like British Steel and British Shipbuilders. So in some departments, at least, Nott should have a good idea of what the client wants.

In the picture

One of the few unchanging aspects of Michael Heseltine's four hectic and controversial years at the Environment Department has been his loyal admiration for Lloyd George whose influence beamed down from a large oil portrait behind the Secretary of State's chair.

Tom King, Heseltine's successor, does not share this Welsh hwyl and apparently even had the portrait removed for some of his initial TV interviews.

But the great Liberal orator and stateman was back in place when the new Defence Secretary returned to Marsham Street for a very jolly farewell party with ministers and senior civil servants.

The party ended with Heseltine's former private scretary, David Edmonds, and King, clambering on the table to take down the portrait and present it to Heseltine who carted it away to his new office in Whitehall.

As at Environment, so at Defence, it seems, Heseltine will be following Lloyd George's advice that: "The greatest eloquence is that which gets things done."

Policeman's lot

Ex-policeman Peter Duffy, the man appointed to scupper Britain's video pirates, does a little copying himself on his rented video recorder. He uses it, he says, to tape television programmes when he is too busy to watch them at the time of transmission.

Now the practice of recording television programmes for viewing at a more convenient time is by no means confined to Duffy. Millions in Britain are thought to be doing it. But is it strictly legal? The BBC copyright department gave me its ruling: "Almost anything that is video recorded from the television will be an infringement of copyright of some kind."

As new chief sleuth of the Federation Against Copyright Theft (FACT) set up to handle investigations against pirate video cassettes Duffy is now assembling a high-calibre and expensive team to help him.

Money, he says, is no problem. The big video and film companies have become so alarmed that video piracy is seemingly out of control that they are contributing generously to FACT. Some £750,000 has been allocated for the first year — with more where that came from if needed.

I hope that in future he will be able to get home in time to watch his favourite programmes live.

"Of course that's only a rough estimate — depends when the PM goes on holiday."

Head office

Audrey Head, the only woman so far to have reached the chief executive bracket of the unit trust industry, was yesterday elected to the chair of the Unit Trust Association.

In this male-dominated industry, few women have yet been entrusted with the management of a particular fund, let alone given responsibility for the operations of a major unit trust group.

But Head, who joined Hill Samuel a few months before the bank entered the unit trust field in 1958, achieved this pinnacle in 1976 and is now responsible for around £270m of authorised unit trust funds alone.

Her tenure of the industry's top office is unlikely to be a sinecure. The Association faces some pressing problems and Head will be leading it into some tough bargaining with the Government over licensed dealers; with Professor Jim Gower over investor protection; and with the life assurance industry over the impact of the commissions war on unit trusts.

But there should be some more sociable moments to which she can look forward. She is currently involved in organising the celebrations of the 25th anniversary of Hill Samuel's unit trusts — and next year the Association will celebrate its silver jubilee.

Quad quids

"It would not be fitting for Christ Church to pretend to be poor" as perhaps the most richly-endowed of Oxford's colleges says in appealing to members for £1.5m to build a new quadrangle off St Aldates.

But even with a gross endowment income of around £1.4m a year, Christ Church is finding, 450 years after its foundation by Henry VIII, that its resources are being stretched to the limit. It has spent some £3m in the past decade on essential maintenance and restoration.

For a college that has produced 13 British Prime Ministers and for whose alumni, it has been said, "the whole of government provides a kind of after-care treatment," it would be surprising if the appeal did not bring a generous response.

Twenty years ago, £300,000 was raised to build the last quadrangle. The current project, which will preserve three 18th century houses as well as involving new building, is of roughly the same magnitude, allowing for inflation.

The quad will provide accommodation for 43 members — quite expensive at about £35,000 each. But Christ Church intends to build to standards that will last "for 250 years or longer."

Observer

Williams & Glyn's

Interest Rate Changes

Williams & Glyn's Bank announces that with effect from 12th January 1983 its Base Rate for advances is increased from 10% to 11% per annum.

Interest on deposits at 7 days' notice is increased from 6¾% to 8% per annum.

Williams & Glyn's Bank plc

ECONOMIC VIEWPOINT

Fiddling while money burns

By Anthony Harris

SPACED OUT would, at a guess, be the current slang for it. Like, insouciant. While the dollar and the pound slide or plunge, according to your taste in melodramatics, Mrs Thatcher is busy collecting the Freedom of the Falkland Islands, while President Reagan looks in at the White House on his way from a week's holiday in California to a well-earned rest at Camp David. In short if there is a crisis, as the headlines on some market reports would suggest, some people in high places don't seem to have noticed. Is this coolness well-founded, or is it based on the strategy of Nero?

So far as exchange rates are concerned, the coolness seems to be well justified. In the last two years both the dollar and sterling have become grossly over-valued, through a combination of policy mistakes and special circumstances. In both countries, a combination of lax fiscal and tight monetarist policy led to excessively high interest rates. In addition, the UK's position as an oil producer, and the financial strength of the U.S. in a world of potential financial crisis

Stage was set some weeks ago

gave the two currencies an attraction quite independent of interest rates.

During recent weeks, all these props have been weakened or kicked clean away. Interest rates have been reduced, through a better balance of policies in the UK, and more or less by main force in the U.S.—where the present policy mix does pose problems which could turn nasty, as we will see. Weak demand for oil has simultaneously reduced the attractions of sterling and, by wiping out the Opec surplus, reduced the influence of interest rates in the exchange markets: and the sense of crisis over world debt has abated, for the time being, at any rate.

Financially, then, the stage was set some weeks ago for a major adjustment of dollar and sterling parities. The performance has been egged on by audible prompting from the U.S. authorities, and the Opposition in the UK. An adjustment of this kind is inevitably uncomfortable, since it tends, in its early stages, to provoke a panic rush for the exits. The surprise, with the benefit of hindsight, is that the panic set in so late, and has partly for that reason not been too difficult to contain.

So far as sterling is concerned, this is partly a matter of luck. Opec holds its major meetings in December, a time when sterling is just entering its period of maximum seasonal strength, as funds are brought home to pay taxes. The move has also occurred at a time when the UK current account is still unexpectedly strong. While the flight of long-term capital has been strong enough to carry us off what might have been our chosen course—weak on the effective rate, but strong against the dollar—things might have been much worse. The celebrated "heavy intervention" of December involved less support in a month than a routine crisis morning a decade ago.

In short, an aloof attitude to the present "crisis" seems well justified, provided that the Government is reasonably comfortable with the pattern of exchange rates which is liable to emerge. There could still be some nerve-racking days ahead, as the markets overshoot in their characteristic fashion (the pause as this is written may well prove to be technical); but such overshooting is normally followed by something of a bounce back.

With good luck, the rate should be floating quite comfortably somewhere near its present level by the summer—when the seasonal weakness of the short-term capital account could be offset after the present very large portfolio outflows have spent themselves.

A lot could go wrong with this cheery script, of course, and the Prime Minister's financial advisers could make quite a strong exchange rate case for going to the country much sooner than otherwise planned to get the market's political worries settled one way or another. All the same, on present evidence, there is precious little to go on for calling the present overdue adjustment a crisis. It is going rather well.

The foregoing paragraphs beg the question, of course, of whether the adjustment itself is desirable, and the emerging rate is a satisfactory one. It would be hard to find any two officials either in the Treasury or the Bank of England, who would offer the same answer to this question. Between the Governor, who tends to take a gloomy view of any depreciation, and the covert Peter Shore supporters who are worried about corporate prospects and import penetration, almost any outcome would find a supporter.

My own view is that although I might have preferred to settle somewhere near Samuel Brittan's chosen 84 on the effective exchange rate, 80-ish is quite tolerable. There has been a very sharp competitive gain against Europe, and especially Japan, which should do wonders for the margins of efficient exporters. At the same time, competitive pressure in the home market is likely to remain fierce, because many exporters to the UK have been earning super-profits during the period of sterling's abnormal strength, and are likely to absorb much of the change in their margins.

This is one good reason for hoping that the impact of the depreciation on domestic prices will not be nearly as bad as many people seem to fear; and it is not the only one. The Common Agricultural Policy is another (and an opportunity to proclaim the merits of even the worst aspects of the EEC), since the Green Pound is adjusted independently. The weakness of the dollar, the denominator of most commodity prices, is a third. On all these counts, the feed-through to UK inflation should be quite modest initially; too weak to affect the course of domestic wages and costs at all dramatically. The rise in interest rates is the main item in the immediate debit account.

Some readers may not share this cheerful judgment; but the important point is that the argument is not worth pursuing in depth. It is an illusion to suppose that we have very much choice in the long run about the level of the real exchange rate. We have sooner or later to learn again to live with a sustainable competitive rate, even if it is uncomfortable in some ways, and we might as well start now.

So far, so good; but now we come, as I suggested parenthetically above, to the nasty bit. The early alarm signals can be read in the chart: the markets are beginning to discount rising inflation.

The implied medium-term inflation expectation of the UK gilts markets, which can be read from the redemption yield gap between indexed bonds and medium-term gilts with a coupon near the yield, now stands at well over 9 per cent. The dollar price of gold has also risen quite sharply from its lows, though it is less easy to derive an inflation forecast from the Wall Street numbers. These warning trends started some time ago, and can be read either as a cause or as an effect of the weakness of the two currencies. This is another riddle not worth solving.

These trends are disturbing, for a number of reasons. The first bit of bad news, in this context, is that the forecast rise in inflation does not actually seem likely to happen, for some time at any rate. The markets are simply pushing real interest rates up again—long-term rates in the U.S., both short and long in the UK.

This is the last possible thing we want to see at a trough in economic activity; and it is even less welcome to developing debtor countries. Indeed, were the rise in real rates to be sustained, we would be on our way to a still more unpleasant replay of the confidence crisis of last year. The markets are clearing their throats for an unfavourable judgment on Anglo-Saxon economic policies; and this ought to be a problem, unlike the "problem" of the real exchange rate, to which politicians can address themselves.

It will not be easy, though, because the root of the trouble seems to be the persistence of monetarist expectations in the markets. The Fed and the politicians may have abandoned rigorous monetarism (though the UK is producing deceptively well-behaved money numbers just as we have stopped really trying); the markets have not. This is a genuine dilemma, since when financial confidence is weak, the demand for money actually rises: it seems that the market is liable to bid rates up whether this demand is satisfied or not.

It might be possible to surmount this problem if the markets were convinced that the authorities were following a sound long-term strategy; but this is at present an empty hope so far as the U.S. is concerned. The Administration is dithering and bickering, and it seems unlikely that even George Shultz can quickly put it together again.

We in Britain, then, may have to put some visible distance between ourselves and the Americans, and indeed between sterling and the dollar. This is a strong reason for arguing that once the present waves have calmed, the Government should adopt a firmly declared policy for the exchange rate—for in this respect the appearance of a policy vacuum in London has been demoralising.

This does not necessarily imply that a fixed target can be enforced in our special circumstances. It would in many ways be sensible to join the EMS at near the present parity, but it might prove impracticable: our current account is not nearly as oil-sensitive as the markets seem to suppose, but oil is an inevitably perverse influence, pushing sterling one way and the Continentals the other.

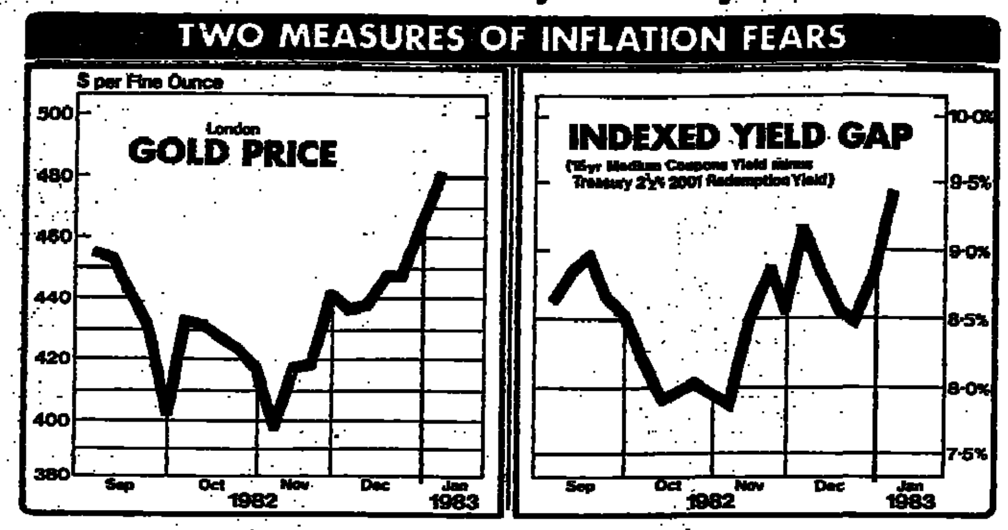
What it does imply is that the Government is actively concerned with the rate, and is prepared to put other objectives at risk to pursue its policy. Interest rate policy imposed, to

Prepared to put other objectives at risk

all public appearance, by the clearing banks, is not a substitute for Government commitment where market confidence is concerned.

Finally, it would be helpful if the British did not fully support the new-born American enthusiasm for printing our way out of the international debt crisis by way of the IMF. It is odd to see a Chancellor who has been so boldly and constructively committed to proper, stable funding of long-term debt at home flying around the world preaching just the opposite solution for foreign deficits.

If only he could be prevailed upon to recognise the problem, Sir Geoffrey is better qualified than any other finance minister to prescribe solutions — funding, including an imaginative use of suitable indexed securities. The sight of a British chancellor trying to stabilise the world financial structure might even do quite a bit of good for the pound.



Bob Hutchison

Lombard

A way out of the fish dispute

By John Wyles in Brussels

NOW THAT Mr Kent Kirk and his fishing circus have departed from the scene, it is time for the politicians to study the simplest and speediest means of ending the agony over an EEC fisheries policy. The neatest solution lying close to hand if West German mediation efforts should fail, is to put the Commission's final proposals—which are more generous to Denmark than those now being applied through national laws—to a majority vote. This is legally permissible on most people's reading of the Treaty of Rome and politically desirable since it would establish a common EEC policy beyond legal peradventure.

The current situation is fraught with legal and political uncertainty. If, as is quite possible, Denmark succeeds at the European Court in invalidating the protection the British have erected with Commission approval for their inshore waters, then the existing agreement favoured by nine member states could be seriously unravelled.

To postulate a majority vote is by no means unthinkable. As a precedent we have the adoption of common farm prices last May against the objections of Britain, Greece and Denmark.

Fisheries Ministers discussed the possibility of voting at their last abortive meeting here on December 21. Nothing happened for several reasons. The Danes were in the chair and fearful of retribution by the Parliamentary majority back in Copenhagen

In any case, the necessary majority was then lacking for adoption of the policy. Having spilled political blood last May, the British Government opposes majority voting against the wishes of any government pleading vital national interest—as Denmark did on December 21. Greece took the same position. However, France proved to be pivotal. M Louis Le Pensec, Minister for Fishing, betrayed signs of lack of preparation and surprise and sheltered behind the "no majority voting against vital national interest" formula which is sometimes the French position on the issue.

With France, there would have been the necessary 45 out of 63 votes for a qualified majority in the Council of Ministers, given that Britain, France, Germany and Italy have 10 votes each, the Netherlands, Belgium and Greece five each, Ireland and Denmark three each and Luxembourg two. Without France the effort was not worth making and in any case could not have been sensibly made by the Danish chairman.

However, there is a changed and changing political situation which points to the possibility of a majority vote when the Ministers meet again on January 25—unless the Danes capitulate gracefully beforehand.

We have a German presidency which is on record as favouring a greater use of majority voting in line with the Treaty. We also have a president of the Fisheries Council—Herr Josef Ertl—who is a Free Democrat facing Parliamentary extinction on March 6.

He might see some domestic political advantage in using a "communutaire" procedure to secure a new Community policy. He is not going to try, however, unless there is a change of view in Paris.

Looking closely at recent history, Paris might question how this Danish Government can simultaneously advise its key Common Market parliamentary committee to accept the fishing proposals, and then reject the same proposals on grounds of vital national interest. Mr Schluter and his colleagues may think their political survival a matter of vital Danish interest, but there is no reason why anyone else should. Indeed, as a Conservative and pro-European, would Mr Schluter really mind being out-voted?

This logic should present no difficulty for the Cartesian mind, particularly when it is keen to have an EEC fisheries policy safely locked up before the world's third largest fishing fleet —Spain's—claims part of the action. The only negative aspect might be that supporting a majority vote would be doing the British a favour. Recent history in Brussels and current prejudice throughout the UK, precludes British betrayal of the Luxembourg compromise. But there are few opportunities in this Community to be simultaneously on the losing and winning sides . . . and to be able to blame it all on the French.

Letters to the Editor

Merits of mergers—getting the questions right

From Mr A. Sutherland

Sir,—The continuing controversy about the Charter/Anderson merger decision illustrates once again that the basic problem with current UK competition law is that it asks the wrong question about mergers. The Monopolies and Mergers Commission, in that handful of cases sent to it each year, has to look at the Act and decide whether a merger would be contrary to the public interest. The chairman's dissent in this case is in line with most of the published reports of the Commission in apparently supporting the views that not only does the Act thus put the onus of proof on the Commission to show detriment rather than on the merging parties to show benefit. Further, the evidence must go so far as to show that large net detriment is overwhelmingly probable before a merger should be found to be contrary to the public interest.

Since the Act is worded and interpreted with this strong pro-merger bias it is not surprising that the effects of the control have been small. That sits badly with the cumulative evidence that mergers by companies already absolutely large or dominant in particular markets typically do not produce even shareholder benefit (Mr Sharpe, January 11, please note), let alone public benefit. It also follows that when the Commission, constrained to apply this mis-directed approach, reports that the evidence quickly accessible to it is not weighty enough to prove beyond reasonable doubt that a merger would operate against the public interest, it emphatically does not follow that even the Commission thinks that the merger would be positively beneficial.

As the evidence about post-merger performance has accumulated there has been no shortage of advocates for changing the basic question. The Liesner Committee (1978) recommended a shift to a "neutral" as opposed to "pro-merger" policy — which, if it had happened, would have had most of the right effect.

Could a merger between Charter and Anderson be shown to be likely to be in the public interest? Whatever else it was doing, the over-ruled majority of the Commission seems to me to have been trying to say that it did not think it could be shown — and in the process not to be guilty of the "poor reasoning" that Mr Sharpe charges it with. The time is ripe not to abolish the Monopolies Commission, but to change the law so that in future the Commission is allowed to ask the right question: will the merger be actively beneficial to the public interest?

Alister Sutherland,
Trinity College,
Cambridge

Taxation for jobs

From Mr E. Whiting

Sir,—Malcolm Rutherford (December 31) says Mrs Thatcher can do little about the most important issue: unemployment. But she could.

The right balance of fiscal measures can do much to reduce unemployment, if that is seriously taken as an object of policy. In his April Budget statement, reaffirmed in November, Sir Geoffrey Howe acknowledged that the national insurance surcharge was "a tax on employment." It is now clear that lowering of Government-imposed employment costs is a policy objective independent of the level of wages, but there appears to be still no thought for positive redistribution of taxes in favour of employment. This should be considered irrespective of the amount which may be available to "give away" at the next Budget.

Employers' national insurance contributions could be reduced still further by increasing other taxes which have little effect on employment. For example, capital transfer tax and tobacco tax are both historically low as a proportion of total revenue; income tax relief on mortgage interest and the age allowance could be steadily reduced; the huge maximum holdings of tax free investment in National Savings and the very high threshold of investment income surcharge could be lowered; the tax-base could be broadened into new fields with effective licences on dogs and other pets, levies on cassettes and video tapes; etc.

In VAT the scope for redistribution is enormous. The zero-rate and exempt categories have remained basically unchanged since 1972. The VAT categories should now be re-examined with a focus on employment. The criteria for fixing VAT rates should be: (a) the labour intensity of the industry, (b) the extent of part-time employment in the industry and (c) the proportion of the market for the product served by imports.

Only services, with which we are notoriously badly equipped compared with many other countries, and other labour intensive activity will provide the employment inevitably lost through the decline of our major industries.

Edwin Whiting,
Manchester Business School,
Booth Street West,
Manchester.

EEC fishery policy

From Eva Roth and Hans Frost

Sir, — Jens Hoiberg-Nielsen — How Danes can benefit from the fishery dispute (December 23) —does not seem to be acquainted with the structure of the industry and the importance of flexibility to its profitability. It is not possible to turn the fish used for industrial purposes into cod and the like.

Species caught only for industrial purposes can be taken without depleting the stock. They provide a useful high-protein product and there is no sense in prohibiting such fishing—only in putting forward a proper management scheme.

The problem arises when species for human consumption are caught for industrial purposes. The Danish Government subsidises sorting machines on board the cutters to prevent part of the problem and there are strict limits to prevent misuse of juvenile fish.

Nielsen proposes that the fishmeal factories are taken over by the EEC and scrapped and that the fleet is restructured so as to catch fish for humans only (also on EEC grants). Are the other EEC countries supposed to raise the Danish quotas and donate loans and subsidies to restructure the Danish fishing industry?

What about the EEC and the British trade deficit on fishmeal? The problem is not how much the Danes can squeeze out of the EEC it is about means of regulation.

The Danish fishing fleet has undergone great changes in the last decade. Increasing oil prices and technical development have forced specialisation. Capital input per head has been raised but that does not mean fewer hands at work—especially in the service sectors.

For the common benefit it must be sensible to balance the exploitation of fish resources and use certain species for oil and meal production. The question is how to construct a proper management of fishery for both human and industrial needs.

Eva Roth, Hans Frost,
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Crisis in the foundries

From Mr S. Finch

Sir,—In the next decade important and far-reaching changes in operating procedures must, and indeed will, take place in the steelfoundry industry. Current research — which fortunately most of the industry has continued to support loyally — is pointing a way to some of these new and exciting developments. But unless capital is available within the industry then the present progress will be for naught.

For the industry's future and security of employment its present structure must change and change rapidly. The only solution is careful rationalisation. Undoubtedly there are those in the industry plus advisers who will ensure that the requirements of customers and the economic needs of the UK will benefit.

Mr Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions, was quoted (January 7) to the effect that the unions would oppose such a scheme. There is understandably great concern about further job losses but the unions have been aware over many years that rationalisation was necessary and would occur either by crude economic extermination or by a "hazard" type scheme.

Surely a controlled closure aided by external funds is better for those employed than sudden, often unexpected, closures created by economic forces. Is it not better to have at least 70 per cent of the existing industry profitable with job security—giving an opportunity to rebuild? The alternative is the continuation of chaotic and irresponsible competition which will inevitably lead to further redundancies without financial resources to emerge from the abyss.

Unless the industry is rejuvenated its service will be replaced by a regrettable increase in imports of castings which is already beginning to threaten our present lead in technology.

The crisis is of a magnitude and severity never before experienced and it will destroy the industry if allowed to continue.

Stephen L. Finch.
Sunnydene, Second Avenue,
Bardsey, Nr Leeds.

Japan-EC Symposium

Towards Further Development of Japan-EC Economic Relations —Prospects of Industrial Cooperation —

Date : 20-21 January 1983
Venue : Hilton Hotel, Brussels
Sponsored by : The Japanese Government-Ministry of International Trade and Industry (MITI)
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The Japan-EC Symposium Committee
With the Cooperation of: The Financial Times

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- Exchange of Technologies
- Research and Development: Role of public and private sectors for Japan-EC Cooperation

Speakers and Panelists taking part:
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Mr. H. Sugiura, Chairman, Honda Motor Co.
Mr. R. Stehl, Member, Executive Board of Management, Robert Bosch GmbH
Mr. T.D. Ross, Director and Group Public Affairs Coordinator, Shell Int'l Petroleum Co.
Mr. S. Ishizaka, Director General, Agency of Industrial Science & Technology MITI
Mr. S. Yamanaka, Minister, MITI
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Mr. Y. Ohnaga, Vice-President, New Energy Development Organization
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REAGAN'S PROPOSED $8BN DEFENCE CUTS

Congress likely to cut more off defence

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

WITH HIS acceptance of the Pentagon's proposed $8bn cutback in defence spending in next year's budget, President Ronald Reagan is attempting to have it both ways.

He is acknowledging the political necessity of demonstrating that defence must bear its share of austerity (though less perhaps than its fair share), at a time of continuing recession and soaring budget deficits.

Equally, however, he is insisting that the move does not in any way mean that "we are reversing our course" in rebuilding America's military strength. "It is not cutting back in any substantive way in our defence programme, because that still remains our top priority," he says.

The approach, predictably, has satisfied neither of the entrenched sides in the guns-v-butter debate that has been raging in Washington, as the delicate finishing touches are put to Mr Reagan's fiscal year 1984 budget, due for publication at the end of the month.

Republican leaders have flatly told the President that he must scale back his defence build-up, at least symbolically, if he is to persuade Congress to make the cuts in other areas. Domestic spending areas needed to make a meaningful dent in the projected $200bn deficit for fiscal year 1984, which begins on October 1.

But the proposal to shave $8bn off planned outlays of $247bn (a decrease of 3.2 per cent) – or $11.3bn off the $284.7bn originally projected for total defence spending authority – is undoubtedly in for a rough ride.

Proponents of the arms build-up are already accusing the President of yielding to political expediency in agreeing to any defence cuts at all. This is despite the fact that under the new figures, both actual defence spending and total budget authority would still rise nominally by over 14 per cent above the levels approved by Congress for fiscal year 1983.

The new $239bn for actual spending is the more relevant figure, since it is that which will directly affect the 1984 deficit. Authorisations include some spending commitments for the so-called "outyears" beyond 1984.

The hawkish Mr John Tower, the influential chairman of the Senate Armed Services' Committee, and one of the staunchest supporters of Mr Reagan's military build-up, has already complained of the enormous pressure brought on the President "against his basic instincts."

He and his right-wing supporters will strongly oppose the cuts, which he has described as "a squalid political approach to the issue."

The Democrats, on the other hand, are determined to use the proffered $8bn as the thin end of the wedge. They say that the cutback is not only inadequate but falls in the wrong places.

Even senior Republicans admit that the $8bn is likely to be only the first step and that Congress is going to cut significantly deeper.

As usual, Mr Caspar Weinberger, the Defence Secretary, is insisting that the new budget figures represent the absolute minimum necessary to respond to the Soviet threat. Even the $8bn, wrung from him largely against his will, will result in some impairment of the armed forces' effectiveness, he says.

In at least one respect, the cuts are at best shadowy. The $8bn has not yet been precisely shared out, but a major part of it is to come from reduced estimates of inflation and fuel costs. Mr Weinberger has said that he will ask for the money back again if these estimates subsequently have to be revised upwards.

The rest is to come from a reduction in the 7.6 per cent increase in service pay scheduled for October (and probably its cancellation, if Mr Reagan agrees to a complete freeze for all government personnel); the postponement of some military construction projects and reduced spending on training and manoeuvres. Mr Weinberger insists that no major weapons systems, such as the controversial B-1 bomber and the MX missile will be affected.

Mr Weinberger's cuts are all likely to affect the state of readiness of the armed forces, already dangerously low, according to the Administration's critics, and could well seriously effect enlistment in the all-volunteer force.

In wheeling out his sacrifical cow for the Pentagon, Mr Reagan can only stimulate the debate over the size and efficiency of U.S. armed forces when his critics are already accusing him of trying to end the arms race by accelerating it.

Australia may order carrier from UK

By Bridget Bloom and Alain Cass in London

AUSTRALIA appears likely to spend as much as £500m on British defence equipment, including a new aircraft carrier.

The deal would also include at least 12 Sea Harrier jump jets and a number of Sea King helicopters. Also HMS Hermes, one of the two aircraft carriers used in the Falklands campaign, would be leased to Australia until the new Invincible-class carrier is built.

Australia has been considering five possible options for the replacement of its only carrier, the HMAS Melbourne, which entered service in 1955 and has now been decommissioned. Mr Malcolm Fraser, the Australian Prime Minister, is expected to call a meeting of the Defence Council to reach a final decision within the next month.

The five options, which included purchasing similar equipment from Spain, Italy and the U.S., or converting a suitable merchant ship, have been under consideration since July, when Britain decided to withdraw its offer to sell HMS Invincible to Australia for £175m.

Although Australian and British officials stress that no final decision has been taken, even Australia is understood to be attracted by the new British deal partly because of what are described as the "favourable terms" being offered on the Hermes. The sale of Sea Harriers and other associated weapons systems is also attractive. Britain's traditional ties with Australia are likely to be an important factor in the final decision.

It is understood although not confirmed, that Britain is offering to lease Hermes for not more than £5m a year.

Mr Fraser could still defer a final decision to order a new aircraft carrier from British yards because of economic problems in his country.

But he is under considerable pressure from the U.S. administration to upgrade Australia's naval capabilities as part of the western effort to counter Soviet naval expansion in the Pacific and Indian Oceans.

A new Invincible-class carrier is likely to cost at least £250m ($395m) and the Sea Harriers about £7m each. Sea King helicopters sell at around £4m each. Australia had negotiated to buy four to six from Westland to accompany the purchase of the Invincible.

Three Invincible-class carriers have been built by British Shipbuilders and a fourth order would obviously be welcomed by an industry which has suffered such serious redundancies. However, the main yards might experience scheduling problems following orders for four new frigates to replace ships lost in the Falklands, and the building of the Trident nuclear submarines and nuclear-powered SSN submarines.

Reagan courts women voters with another Cabinet choice

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT Ronald Reagan has nominated the second woman in as many weeks to join what is currently his all-male cabinet.

Mr Richard Schweiker, Secretary of Health and Human Services, announced yesterday that he was moving to the private sector from his job as head of the world's biggest-spending government department.

The president lost no time in proposing Mrs Margaret Heckler, a loyal Republican Congresswoman defeated in the November election, to join Mrs Elizabeth Dole, nominated last week as Transport secretary, and the 11 men who make up the U.S. Cabinet.

Mr Reagan was consciously responding to what Republican political strategists have identified as one of their party's most serious electoral bugbears – the President's appalling unpopularity among woman voters.

Mr Reagan appointed two other women – Mrs Jeanne Kirkpatrick, as ambassador to the United Nations, and Mrs Sandra Day O'Connor, as a Justice of the Supreme Court – to very senior positions in the early days of his administration. His public utterances, to say nothing of his social policies, have, however, branded him as a male chauvinist of the old guard.

Contrary to a view widely held among Mr Reagan's more conservative advisers (especially those with links to the "moral majority", the women of America appear to have been profoundly offended, rather than relieved, by a President whose devotion to "traditional family values" extended to preserving the traditional dominance of men in American life.

In particular, the Republican Party is believed to have suffered considerable harm because of the President's vocal opposition to the Equal Rights Amendment (ERA). The amendment would have inserted into the U.S. constitution a simple clause stating that "equality of rights under the law shall not be denied or abridged by the U.S. or by any state on account of sex."

For many American women the failure of the 10-year campaign to win ratification for the ERA last year was the last straw which pushed them more decisively than ever before into the Democratic camp in last November's elections. Opinion surveys taken as voters left polling stations, showed that while men divided 53–47 in favour of Republican candidates, the split among women was exactly reversed.

Mr Reagan's personal standing has shown an even greater male-female split. Last summer, when the ERA ratification campaign was at its climax, 52 per cent of women disapproved of Mr Reagan's handling of his job, compared to 40 per cent who approved. Men gave the President an approval rating of 52-40.

The President's political advisers have become increasingly alarmed at this "gender gap," especially since other studies have suggested that women are tending to vote in greater numbers, while male voting declines.

It was no coincidence that the first act of the new Democrat-dominated House of Representatives when it assembled last week was to reintroduce the Equal Rights Amendment in its original form.

Anderson Strathclyde cleared to fight Charter bid in court

BY RAYMOND HUGHES AND RAY MAUGHAN IN LONDON

ANDERSON Strathclyde, the Scottish mining equipment manufacturer, was given leave in the High Court yesterday to seek an order quashing the controversial decision taken last month by Mr Peter Rees, the UK Minister for Trade, which allowed Charter Consolidated to renew its unwelcome takeover attempt.

Mr Rees had overturned a majority recommendation by the Monopolies and Mergers Commission that a bid for Anderson by Charter, a mining finance group, would adversely affect the public interest. Lord Cockfield, the Secretary of State, had not been responsible for reviewing the Commission's finding because of his small financial interest in Charter.

Anderson had proposed to make only Lord Cockfield and Mr Rees respondents to a judicial review of the decision but, at the suggestion of Mr Justice Glidewell, Charter has been added as a party to the review.

Mr Justice Glidewell also recommended that, in view of the obvious importance of the case, the review should be heard by a full Queen's Bench divisional court of three judges.

Anderson expects the review will be brought on in the week starting on January 31 and the Scottish group's counsel, Mr John Swift, indicated yesterday that Anderson's case could be presented in two or three days.

Charter is to hold a board meeting today to discuss the terms of a new bid for Anderson which it had intended to present tomorrow.

However, Mr Justice Glidewell has also suggested that Charter should give undertakings that it will not make a new offer before the High Court review has been completed. Anderson will not decide until today whether to pursue the judge's recommendation by applying for an injunction if such undertakings are not given.

The 22 local union leaders at Anderson added their voice to the sharp criticism of Charter and Mr Rees' findings already expressed by Scottish MPs, local councillors and the executive of the Scottish Labour Party.

Grundig may lift Telefunken stake

Continued from Page 1

tention to sell a 75 per cent stake in the company to the French electronics giant, Thomson-Brandt.

Apart from the company itself and Dr Max Grundig, the owner of the 75 per cent holding, there is little sign of support in West Germany for the merger with Thomson-Brandt.

The deal would give the state-owned French company a dominant share of the West German television market.

In the middle of last year, just before the financial collapse of AEG-Telefunken, its parent company, a rescue package was planned for the Telefunken subsidiary which would have given Grundig a 26 per cent stake in Telefunken and management control.

This would have left the parent with 25 per cent and placed the remaining 49 per cent of the equity with a banking consortium which would continue to finance the company.

It now appears that discussions are under way which could lead to Grundig taking a larger stake. Exactly how this is to be accomplished remained confused yesterday. Some participants were talking about a reduction in the banking consortium's stake while others were suggesting that it was AEG's stake which was to be reduced.

Officially, none of the companies would go beyond confirming the discussions, but there were suggestions that Grundig would not want to acquire a majority stake in Telefunken.

Kaiser Aluminum in $115m net loss

By Paul Betts in New York

KAISER ALUMINUM and Chemical Corporation, the third largest U.S. aluminium producer, yesterday reported a net loss of $115m for last year after a fourth quarter deficit of $123.4m.

This is sharp contrast to the 1981 net profit of $132.9m which the company earned despite a $16m loss in the final quarter.

Kaiser blamed the poor performance largely on the dismal conditions in the aluminium market, the company's main business where fourth quarter activity remained at the depressed levels of the third quarter.

In the final quarter, the company suffered a pre-tax operating loss of about $114m from aluminium operations which was similar to the loss from aluminium in the third quarter of 1982.

Mr Cornell Maier, chairman, said the final quarter aluminium loss reflected the combined effect of weak demand, poor prices, higher production costs and low operating rates which, in varying degrees, has hit all aluminium producers.

Kaiser's total sales last year were 10 per cent lower than in 1981, declining to $2.91bn from $3.23bn. In the fourth quarter, sales were also lower at $666.5m from $717.5m in the final period of 1981.

Aluminium shipments fell by 9 per cent to 845,900 tons last year from the 924,900 tons shipped in 1981. Final quarter shipments totalled 205,100, compared with 194,000 tons in the fourth quarter of 1981.

Mr Maier, the chairman, said "we're finally beginning to see signs of a recovery in some of the major aluminium-consuming markets such as transport and building and construction. But it's still too early to know whether these signs signal a sustained upturn."

Japan agrees $4bn aid for South Korea

Continued from Page 1

rea in 1983 is likely to be small since many details remain to be worked out. The loan from the Japanese Export-Import Bank includes a $350m bank-to-bank loan.

The aid is to be used for projects such as education, medical facilities, dams, sewage systems and pollution prevention, and not apparently for major development projects such as the planned ultra-speed train, which the Koreans prefer to offer for international tenders.

Discussions at various government levels will continue on ways to resolve other pending issues between the two countries, including the large trade imbalance in Japan's favour and the treatment of Koreans resident in Japan.

On questions of security and defence in the region, Mr Nakasone indicated that Japan would promote stability and welfare in the area through economic and cultural co-operation, drawing upon its sophisticated technology, rather than through military means.

He stated that the Japanese constitution barred Japan from participation in any collective security group such as a tripartite arrangement between Japan, the U.S. and South Korea.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	12	54	Dubrovnik	S	15	59	Malaga	S	15	59	Salzburg	S	7	45
Akrotiri	S	15	59	Faro	S	13	55	Malta	S	16	61	Seoul	S	-2	28
Algiers	S	16	61	Florence	S	4	39	Manila	S	30	86	Singapore	S	28	82
Amsterdam	C	6	43	Frankfurt	C	2	36	Miami	C	27	81	Stockholm	C	7	45
Athens	F	12	54	Funchal	-	—	—	Milan	Fg	-1	30	Strasbourg	C	4	39
Bahrain	S	18	64	Geneva	Fg	0	32	Moscow	C	0	32	Sydney	S	23	73
Bangkok	S	31	88	Gibraltar	C	14	57	Munich	S	9	48	Taipei	C	17	63
Barcelona	C	9	48	Guernsey	C	8	48	Nairobi	-	—	—	Tangier	S	17	63
Beirut	S	16	61	Helsinki	C	2	36	Naples	S	12	54	Tehran	-	—	—
Belgrade	C	10	50	H Kong	C	14	57	New Delhi	C	19	66	Tel Aviv	C	16	61
Berlin	C	6	43	Innsbruck	S	4	39	New York	C	12	54	Tenerife	F	16	66
Biarritz	C	11	52	Inverness	C	4	39	Nice	C	11	52	Tokyo	S	12	54
Blackpool	Dr	9	49	Istanbul	F	8	46	Oporto	C	9	48	Toronto	Sn	-2	28
Bordeaux	S	6	43	Jersey	C	8	46	Oslo	C	7	45	Tunis	C	12	54
Brussels	C	6	43	Jo'burg	S	32	90	Paris	S	5	41	Valencia	S	13	55
Budapest	C	4	39	Las Palmas	F	18	64	Prague	F	6	43	Venice	Fg	-4	25
B. Aires	C	32	89	Lima	S	27	81	Reykjavik	F	-5	23	Vienna	S	7	45
Cairo	C	17	63	Lisbon	S	9	48	Rio de J'o	S	35	95	Warsaw	C	8	46
Cape Town	-	—	—	Locarno	S	5	41	Rome	S	11	52	Zurich	Fg	-2	28
Caracas	C	28	82	London	C	10	50								
Casablanca	S	16	61	Los Angeles	S	28	83								
Copenhagen	C	6	43	Luxembourg	C	2	36								
Corfu	S	15	59	Madrid	S	6	43								
Dublin	C	5	41	Majorca	S	14	57								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

£ steadies in London

Continued from Page 1

1 point yesterday were common, even after a rally in the afternoon, and some longer-dated stocks have fallen by 6 points in the past week.

One analyst said yesterday: "The election has become the dominant factor in the currency market, and currency dominates the gilts market."

Mr Parkinson's statement that there were plans for an early election had not perceptibly reduced uncertainty yesterday afternoon.

There appears to be no question of an election before late May, since this is about the earliest date that the Conservative Party will be ready and have all its candidates in place, following the implementation of the changes in constituency boundaries.

These shifts, which the Labour Party is challenging in the appeal court today, would benefit the Tories by between 20 to 30 seats, compared with now.

Beyond late May, the argument for a summer election is that after then the annual inflation rate will begin to rise again, by comparison with last summer's flat level of prices, and that the unemployment total will be boosted by the summer influx of school leavers.

The counter view is that a June date would be seen as an artificial appeal and that October would be a more natural time

THE LEX COLUMN

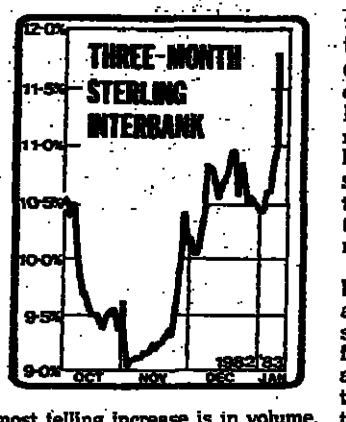
Nothing on trust in gilt edged

The proliferation of rumour in London's financial markets gives a fair indication of how far sterling's weakness has undermined confidence. Yesterday morning, the choice item of conversation was that Midland Bank would leap-frog the other clearers and set its base rate at 12 per cent. Interbank rates duly moved to anticipate this improbable event and the pound recovered more of its recent losses.

In the event, Midland – which was losing its share of advances last month on a base rate differential of only a quarter point – fell into line and the money market, together with the Bank of England, adjusted to reflect an 11 per cent base rate structure.

The gilt-edged market, remembering how temporary was the stabilising effect of the previous base rate rise on sterling, remains preoccupied with the immediate political and inflationary uncertainties. Yesterday, even index-linked were in retreat and there was no comfort from the wholesale price figures for December. The 1 per cent increase in output prices over November may already be reflecting sterling's decline, particularly in the area of petroleum products, but the impact will be far more marked in the current month, which will also bear the brunt of the customary New Year price increases.

Yesterday, the biggest loser from the change in the gilt-edged market was the Kingdom of Sweden which, earlier this month, had been hoping to price its £50m bulldog bond on a yield base of around 13 per cent. The yield of 13.996 per cent on which the issue was eventually set conveniently allowed the Swedes to avoid paying a full point more by the merest whisker.



Magnet & Southerns

For Magnet and Southerns the UK recession has had a silver lining. Although profits have slipped over the past two years from the 1980 peak, the squeeze on the building industry has forced several competitors out of business. Magnet has taken the opportunity to pick up market share through an aggressive policy of new depot openings which places it in a strong position for the upturn.

The 14 per cent increase in pre-tax profits to £12m for the half year to September gives the first solid evidence that the strategy is beginning to reap benefits. Pre-tax margins, at around 15 per cent, have firmed slightly on last year, but the most telling increase is in volume, which has grown by about 12 per cent in the joinery division, against perhaps 5 to 6 per cent across the industry. A further 12 depots are being opened in the current year, with particular emphasis on the south of England so the group is continuing to build up ammunition against the potential competion from the revamped Meyer International.

With some price rises in the pipeline, Magnet should be capable of profits of at least £25m for the year, and there are no worries about the balance sheet: stocks have been reduced, and, despite this year's £11.5m capital investment programme, the group is once again in a net cash position. But the market, which has pushed Magnet up to ratings more in keeping with the stores sector over the past 12 months, marked the shares back 14p to 180p yesterday. This was partly because of interest rate worries now hanging over the building sector and on a multiple of almost 24 and a yield of around 3 per cent, Magnet is highly vulnerable to such uncertainties.

Discounted bonds

The scarcest document in the City of London last night was the Inland Revenue consultative paper on deep discounted stock. Published yesterday – in theory at least – the document reveals that the Revenue is standing absolutely firm on its insistence on "symmetry." It is prepared to be flexible elsewhere, but this constraint means in practice that capital appreciation on low-coupon stock will be treated as income for tax purposes. So any Government hope that companies will push the boat out on these issues looks pretty forlorn.

It is small compensation to learn that double taxation – possible if the full discount were to be charged to income tax on redemption without taking account of charges on earlier disposals – is to be avoided. More to the point, the Revenue has moved to cut off the obvious loophole. Investors will not be able to switch their liability from income tax to capital gains tax by selling in the secondary market just before redemption.

The paper also deals with the knotty issue of how taxation on an accruals basis might work. The straight-line approach, now out of favour in the U.S., produces greater advantages in the early years and the Revenue would probably lean towards the more neutral geometric basis. There is pressure, however, from the Bank of England, among others, for companies to be able to choose between the different approaches.

Cash management

The City has not been slow to cotton on to the enormous initial success of the U.S. "super now" accounts, which offer rates close to those available on pure money market instruments together with cheque-book facilities. Robert Fleming, in conjunction with its sister company, Save & Prosper, has come up with a similar account which looks set to attract substantial deposits.

Such a fast reaction is uncharacteristic. In the past, the banks have argued that regulatory distortions such as interest rate ceilings explain the phenomenal success of cash management style accounts catering for personal customers in the U.S. and elsewhere. Such distortions do not apply in the UK, so the argument goes.

This line of reasoning has always looked rather thin given the big gap between retail savings deposit rates and wholesale money rates, and this new account may help to put it to the test.

One drawback of the High Interest Bank Account, as Fleming calls it, is that cheques cannot be drawn for less than £250 and, as there is no cheque guarantee card this might change, it is not much use trying to draw cash at the local branch of a High Street bank. However, these are minor obstacles and if the new account maintains the current interest rate differential vis-à-vis banks' seven-day deposit account and building society accounts, it looks like attracting far more than the £50m or so its founders conservatively predict.

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Renault and VW link up to produce gearbox

BY DAVID WHITE IN PARIS

RENAULT and Volkswagen, two of Europe's largest car producers, are joining forces to make a new kind of automatic gearbox to be installed in models two years from now.

It is the first production pact between the two groups, which are competitors on both the European and the U.S. markets. Renault is the largest car exporter to Germany, while Volkswagen is battling with Ford to hold the same position in the buoyant French market.

The agreement signed here yesterday follows up a 1980 letter of intent to develop an energy-saving automatic gearbox.

Renault plans to invest around FFr 300m ($45m) in the new four-speed gearboxes and Volkswagen, DM 200m ($85m).

Each partner is to take charge of specific parts of the gearboxes and assemble the finished product for its own use. Renault, which will make the electronic control system and the converter, will specialise in a longitudinal version and Volkswagen, which will make the mechanical parts, in a transversal version.

The state-owned French group has made clear it is open to other forms of co-operation with Volkswagen, but has not revealed what this might involve.

The two companies reckon that the joint venture will lead to savings of around 10 per cent in production costs for automatic gearboxes. Economies in development and investment costs are calculated by Volkswagen at about 20 per cent.

Renault intends to produce 600 units a day under the agreement. It will also continue producing automatic gearboxes at its plant near Calais, but may reduce the rate there from the present 575 units a day. Volkswagen plans to assemble 1,000 new gearboxes per day at Kassel.

Future expansion of the venture depends on the development of the U.S. market, where both groups are active, and on possible agreements to produce for other manufacturers.

Renault has production agreements with American Motors, in which it has the biggest shareholding, with Mack Trucks of the U.S., with the private sector Peugeot group on car engines and with Bendix of the U.S. on electronic components. It already supplies the Peugeot group with some manual gearboxes.

Rohm and Haas to reorganise

BY PAUL TAYLOR IN NEW YORK

ROHM AND HAAS, the Philadelphia-based plastics and chemicals producer, yesterday announced a reorganisation of its European industrial chemicals operations resulting in the loss of 500 jobs in Italy and the UK including 130 at the company's Jarrow plant on Tyneside.

The company blamed its decision on the disappointing profitability of its European operations which currently employ 2,300 and represent about 20 per cent of its $1.85bn worldwide sales. Rohm and Haas will take a $5bn after-tax charge against 1982 earnings to cover the severance pay and asset writedown costs of the reorganisation.

Rohm and Haas said the action, which follows a year-long study, was designed to "ensure that the region recovers and maintains its traditional levels of profitability."

Dr Donald Felley, Rohm and Haas's president, said, "it has become evident the chemical industry will not enjoy the same growth during the next decade as it experienced during the 1970's. This outlook requires careful analysis and planning for the long run so that we maintain competitive and profitable businesses in every geographic region of the world."

Rohm and Haas currently has manufacturing operations producing a range of agricultural chemicals and fluid process chemicals in Jarrow, England; Lauterbourg, France; Mozzanica and Treviglio, Italy; Grangemouth, Scotland; and Tudela, Spain.

The cutbacks at Jarrow which will effect both salaried staff and production workers will reduce the current workforce of 237 by more than 50 per cent.

SNCF deficit more than doubles

By Our Paris Correspondent

FRANCE'S SNCF state railways suffered an operating loss of some FFr 5bn ($750m) last year, more than twice the previous year's deficit of just over FFr 2bn.

The loss comes after special state subsidies covering railwaymen's pensions, concessionary fares and freight rates, uneconomic local services and other items.

The SNCF came under full state ownership after the expiry at the end of last year of its 1937 statute which gave the state 51 per cent. Its accumulated deficit is put at around FFr 12bn.

The company said that passenger traffic had been satisfactory, partly because of the new TGV high-speed train, and was expected to progress next year. But freight traffic had been disappointing and continued to be hard hit by the recession in the steel industry.

The SNCF is discussing new financial arrangements with the state, and is pressing for a redemption fund to ease its debt burden. It borrowed about FFr 8bn last year, half of this sum was from abroad.

The railway was expected to run up an operating deficit of less than FFr 3bn under the 1982 transport budget. This formed part of a total budgeted cost to the state of FFr 23bn, compared with FFr 19bn for 1981.

COMPUTER GIANT OPENS UMBRELLA OF PROTECTION OVER CHIP MAKER

IBM and Intel join forces

BY LOUISE KEHOE IN SAN FRANCISCO

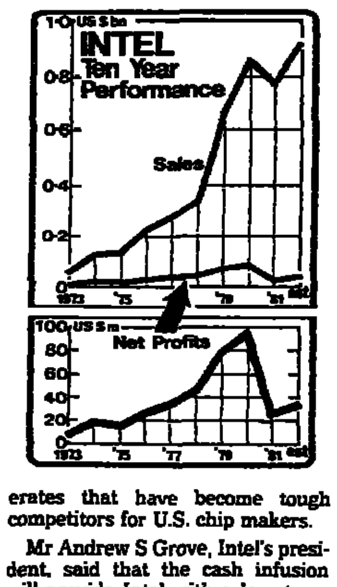
IBM'S purchase of a 12 per cent stake in Intel, one of the leading U.S. semiconductor chip companies, will have an impact far beyond the two companies. It will upset innumerable customer-supplier relationships in the worldwide electronics market and will bolster U.S. competitiveness against Japanese chip makers.

The deal, announced late last month, is a coup for Intel, cementing its growing involvement with IBM. The computer giant's initial investment of $250m will give the California company financial muscle closer to that of Motorola and Texas Instruments, two of its arch-rivals. It will also protect it from unwelcome takeover bids.

IBM is Intel's single largest customer accounting last year for 13 per cent of the chip maker's $789m sales. Intel supplies IBM with, among other things, the microprocessors that power its highly successful personal computer. Last summer, Intel agreed to sell IBM not just chips but also the process technology that goes into making them. Further technology deals are expected to follow.

Several industry analysts have characterised the IBM move as an effort to protect the U.S. lead in semiconductor technology from the "Japanese threat."

The combined strengths of IBM's resources and Intel's famed technology will readily match those of the Japanese electronics conglomerates that have become tough competitors for U.S. chip makers.



Mr Andrew S Grove, Intel's president, said that the cash infusion will provide Intel with a long-term capital fund, while denying that his company was in immediate need of cash.

"We need not just capital, but the certainty that we can embark on multi-year projects and not be subject to quarter-to-quarter business conditions," said Mr Grove.

The development of Intel's most advanced "micro-mainframe" – a set of chips that offers the computing power of a mid-range mainframe computer – has already cost Intel around $40m and is expected to absorb another $30m before it begins to return a profit.

IBM's relationship with Intel is one of a growing number that the computer company has developed with other electronic companies. Although IBM is the U.S.' largest maker of chips, incorporating virtually all of them in its own products, it is also the largest buyer of other company's chips. It has turned increasingly to outside help to maintain its technological edge and to satisfy its appetite for components.

Both Intel and IBM will, however, face some new problems in smoothing out relationships with other customers and suppliers. Digital Equipment Corporation, for example, may not take too kindly to Intel's newly found ties to IBM. As a minicomputer manufacturer, DEC competes with IBM in the huge office automation market. DEC is a major Intel customer and has developed close ties with the chip company in the areas of local area networking and other technologies.

Similarly, it is difficult to imagine Intel's competitors in the chip business showing off details of future memory or microprocessor chips to IBM – as they might normally – without concern that their designs might filter through to Intel.

Mr Grove maintains that his company and IBM will be at pains to keep their relationship at arms length and that Intel will be "very sensitive to our obligations to the rest of our customer base."

Another important question is what will become of Intel's declared plans to become a computer systems company? Inevitably several of Intel's computer systems will compete with products sold by IBM. That will not raise any conflicts, Intel management maintains.

IBM has an option to increase its shareholding to as much as 30 per cent. It will be represented on the Intel board of directors by one new member, but "will not participate in the day to day operations" of Intel according to Mr John Opel, IBM's president. The agreement will "preserve the independence we feel is critical to Intel's success," said Mr Gordon, Intel chairman.

Despite such statements some industry observers see IBM's move as the first step towards an IBM takeover of Intel. Insiders confirm that top Intel management regards IBM as possibly the only company that could afford to take over Intel on favourable terms.

Intel is one of the few independent makers of large volume standard chips left after a string of takeovers such as that of American Microsystems by Gould, Intersil by General Electric, Fairchild by Schlumberger and Mostek by United Technologies.

For Intel, which is more than 30 per cent owned by its employees, the picture has changed with the IBM deal. The key question for Intel, though, is whether it can maintain its self-determination and entrepeneurial drive.

Ford's 'high hopes'

BY OUR FINANCIAL STAFF

FORD MOTOR Company has "high hopes" of returning to profits in 1983, Mr Donald Petersen, its president, said.

Ford last made a profit in 1979, when it reported net income of $1.17bn. It lost $1.54bn in 1980, and $1.06bn in 1981. In the first nine months of 1982, Ford's loss was put at $422m, or $3.50 a share, down sharply from the previous nine months loss of $713.8m on sales of $27.9bn, against $29.23bn.

The company then said the results, which compared with a second qarter profit, were depressed by the cost of introducing new models. It expected the costs, however, to be recouped in increased world market share in 1983.

Profits fall forecast

BY RICHARD LAMBERT

GENERAL FOODS, the leading U.S. packaged foods group, said that results for its third quarter would be below expectations because of a shortfall in its volume sales.

The group had been anticipating earnings from continuing operations in the three months to January to be roughly unchanged at $1.08 per share. But it now thinks its results will be "somewhat down" as a result of the shortfall in shipments.

"The full fiscal year continues to look like one in which we will deliver a solid increase, compared to fiscal 1982, with modest gains expected in the final quarter," General Foods added.

KEVIN DONE LOOKS AT A PROFITABLE OPERATION WITHIN A TROUBLED GROUP

Telefunken to lift overseas TV kit sales

TELEFUNKEN, the consumer electronics subsidiary of AEG-Telefunken the struggling West German electrical and electronics group, is expanding its foreign-based colour television sales operations with contracts to supply kits for local assembly in Turkey and Portugal.

Telefunken will also export colour sets assembled in China to other Asian markets beginning with Hong Kong and Singapore in January. The company is the only European colour television producer with assembly interests in China, and is using this base to fight Japanese competition in Asia.

The expansion of overseas sales of colour sets in kit form contrasts with the run down of Telefunken's own foreign-based manufacturing operations, which have proved to be one of the company's biggest lossmakers.

Consumer eletronics' losses helped drag the whole AEG-Telefunken parent company into insolvency earlier last year. The deficit accumulated by Telefunken alone in 1981 was about DM 200m ($85m) with manufacturing operations in Mexico, Brazil, Italy and Spain suffering the biggest losses.

The Mexico plant has since closed down and Telefunken is negotiating with a potential partner in

Herr Heinz Dürr

Brazil with a view to reducing its interests in that country. In Italy it is hoping to dispose of its plant to the Italian company Philco.

Telefunken itself is involved in negotiations with Grundig, West Germany's leading consumer electronics group. The group still holds a letter of intent to take over management control of Telefunken with an equity stake of 26 per cent, with West German banks holding a further 49 per cent.

But progress has been delayed by Grundig's takeover discussions with Thomson-Brandt, the giant state-owned French electronics group.

Telefunken – the colour television pioneer which has sold its PAL system to more than 60 countries – is pressing ahead with the expansion of television kit sales abroad, virtually the only part of its business which is running at a profit.

Kit sales should total around DM 120m for 1982 in an estimated Telefunken turnover of DM 1-1.2bn. Total exports should amount to around DM 550m. In 1981 the company had a turnover of more than DM 1.7bn including foreign manufacturing operations.

Last year, under the burden of continuing heavy restructuring costs at home and abroad, Telefunken made a further big loss. It does not expect to be out of the red before the end of 1983 – provided that negotiations with Grundig are completed successfully.

The volume of television kit sales averaged 140,000 units last year in addition to the 580,000 finished sets produced at Telefunken's Celle plant in northern Germany.

Colour sets are now assembled in Greece, Yugoslavia, Tunisia, Egypt, South Africa, Nigeria, Malaysia, Indonesia, Syria, China, Uruguay, Peru and Argentina.

Except in Argentina, where Telefunken holds a 25 per cent stake in the local assembler, the company has no equity interests, earning its money from the sale of know-how, its trademark and the delivery of components. The local content of components supplied is on average around 60 per cent rising to 90 per cent in South Africa.

Telefunken has entered into an assembly contract in Turkey with Elektro Akustik, a subsidiary of Transturk, one of the largest Turkish industrial and trading groups.

The PAL colour system was introduced to Turkey in June last year and the two companies are hoping eventually to raise production to around 50,000 sets a year. Transturk is hoping from next year to manufacture several components locally with Telefunken technology, including printed boards, coils, transformers, cabinets and plastic components. Chassis parts will continue to come from the Federal Republic.

A similar deal is being structured in Portugal with the Lisbon-based components manufacturer, Vitrohm. Telefunken is hoping to supply 10,000 sets to Portugal this year. Sales to China could reach DM 12m this year and DM 20m in 1984.

St Regis sees better results in 1983

NEW YORK – St Regis Paper, the fully integrated U.S. forest products company is expecting sharply improved operating earnings in 1983. It will, however, be at least another year before results return to 1981 levels, according to Mr William Haselton, chairman.

The gains this year from 1982's severely depressed levels would partly reflect a gradual improvement in the economy as well as major cost cutting efforts, he said.

The company would make a provision in its 1982 results for the disposal of its Jacksonville, Florida, paper mill, which it has been trying to sell.

Analysts believe much of the mill's book value of about $30m is "vulnerable" to a writedown.

"We expect to benefit quickly from a turn in the economy, once it appears, because of our cost-cutting efforts, but the recovery will be a slow one," said Mr Heselton.

"Our troubles are not over in 1983, but our operating earnings will show a very large improvement over 1982."

The company reported net earnings of $86.9m or $2.53 a share, in the first nine months of 1982.

St Regis has recently been operating at about 87 to 88 per cent of capacity. Analysts estimate that the industry, which normally needs to maintain operating rates at more than 90 per cent for reasonable profit levels, is now at an average of about 86 per cent of capacity.

Reuter

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December 1982

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INTERNATIONAL COMPANIES and FINANCE

Banks set up world data exchange

By Paul Taylor in New York

THE WORLD'S largest commercial banks have set up a Washington-based international institute to act as an information exchange between borrowing countries and member banks.

The new private sector body, to be called the Institute of International Finance, has been formed by the Ditchley group of 35 major international banks from North America, Europe and Japan. This group was set up last year in response to the mounting liquidity problems in less-developed countries.

The Institute represents an attempt to avoid a repetition of these liquidity problems while also shoring up the banking community's sagging confidence in international lending.

Membership of the Institute will be open to any bank engaged in international lending. It is designed to "promote the collection and dissemination of information concerning borrowing nations' financial situations, development plans, economic policies and existing and prospective foreign exchange obligations."

The information, to be collected by teams of bankers visiting borrowing countries, will be available to Institute members for use in "individually assessing credit to public and private sectors in the international markets."

Mr Bill Ogden, vice-chairman of Chase Manhattan Bank, was yesterday appointed chairman of the Institute's interim board of directors. After a steering group meeting representing 35 international banks in Washington, Mr Ogden said that all the banks had been "very enthusiastic" about the idea. He said the major problem had been "wondering how quickly we could begin full operations."

The Institute's board of directors has appointed four committees which will report back to its next meeting in Zurich in March.

Mr Max Luthert, a director of Lloyds Bank International, will chair the operation planning committee, charged with drawing up guidelines for how the institute will work. Mr Kazdo Nakmura, general manager of Mitsubishi Bank, will chair the membership committee designed to encourage banks to join the Institute.

Dr Franz Lutols, general manager of Swiss Bank Corporation, heads the committee to recruit the Institute's managing director and other senior staff and Mr William McDonough, executive vice-president of First National Bank of Chicago, will chair the committee in charge of finding premises for the Institute.

The founding members are concerned to ensure that the Institute commands the widest possible support from international banks and is not seen as purely a U.S. bank operation.

The Institute, although a strictly "private sector initiative," will also co-operate "as appropriate" with existing multinational and government agencies, such as the International Monetary Fund, the World Bank, the Bank for International Settlements and the major central banks.

Peter Montagnon on the $1bn jumbo Eurocredit

Why Denmark chose stiff terms

SLICING THE margins salami-thin has long been a Danish tactic when it comes to raising Eurocredits. Denmark, however, with its latest $1bn deal, has taken the courageous step towards reversing this policy and accepted a stiff increase in the cost of a foreign loan.

This cannot have been an easy step to take, for in many ways Denmark was launching itself into the unknown. This is the first jumbo Eurocredit for a European sovereign borrower – apart from France's exceptional $4bn credit last October – since the full extent of the Latin America debt crisis became apparent.

By accepting unequivocally tougher terms, Denmark has not only cleared the air for higher margins on loans from other European borrowers but also appears to have secured a positive initial response to its loan proposal.

"Any deal will be a struggle in today's market, especially for $1bn – but the terms are not unattractive," said one banker yesterday. Basically they include a margin of ½ per cent over Eurocurrency rates for the first two years, rising to ⅝ per cent for the next five years. Lenders may alternatively contribute funds at a margin of 0.25 per cent over U.S. prime rates for the first three years, rising to 0.3 per cent for the next four years.

Last year Denmark raised a $1.2bn eight-year package including a margin over London inter bank offered rate (Libor) of ⅜ per cent for five years rising to ½ for the next three, or a split margin of 0.15 per cent rising to 0.25 per cent over U.S. prime.

Several other factors seem to favour the deal. Denmark has to repay about $1bn of foreign debt this year and this will then create space for Danish loans in international banks' balance sheets. The present operation is expected to be the major financing of the year for a government whose gross foreign borrowing requirement in 1983 is put at $2bn – $2.5bn.

Denmark is not expected to draw funds for about a year. During this time banks will benefit from a commitment fee of ⅛ per cent over U.S. prime or ⅜ per cent over Libor which will boost their overall return on the deal. (Other fees for lead managers include 0.1 per cent for underwriting plus 0.35 per cent on final commitments).

The deal is structured in an unusually flexible way. Not only can lenders contribute Eurodollars or domestic dollars (at the margin over U.S. prime), they can also put up funds denominated in European Currency Units (Ecus), the currency basket of the European Community.

This will reduce the exchange risk for Denmark in its foreign borrowing, while some banks argue that lending Ecus carries an inbuilt profit margin of its own. There are no pre-set amounts and banks can choose either prime, Eurodollars, Ecus or any combination of the three.

Potential lead managers will also be able to choose whether to underwrite $30m, $40m, or $50m of the deal to suit their own particular book or their expectations of selldown. Morgan Guaranty has led the loan in conjunction with three Danish banks. Bank of Tokyo will co-ordinate the Japanese contributions which are expected to be substantial.

But Denmark's well publicised economic problems speak against the deal. These problems led last week to a humiliating cut in Denmark's credit rating by the U.S. rating agency Standard and Poor's. The rating was down-graded to double A plus from the agency's top category of triple A.

Standard and Poor's drew attention to structural imbalances in the Danish economy affecting the balance of payments and budget deficit. The former was in deficit by around 15 per cent of exports in 1982 and would remain large this year, it said, while the budget deficit is expected to total some 13.5 per cent of GDP in 1983, limiting prospects for an investment-led recovery.

"Consequently, additional austerity measures will be required. Such actions will be politically difficult given the current coalition government's minority position in parliament and social pressures posed by mounting unemployment," S and P warned.

The rating cut's impact will probably be felt most in the U.S., and some American banks said yesterday that they were surprised to see a smaller increase in Denmark's margins over U.S. prime compared with Libor margins. The credit will not be actively marketed to U.S. regional banks, but their response will be closely watched by international banks and borrowers – anxious to gauge, the regional banks willingness to lend to Europe in the wake of the Latin American debt crisis.

U.S. regional banks were once a mainstay of the Eurocredit market and their readiness to lend at low margins over U.S. prime allowed many borrowers to avoid an increase in margins paid for Eurodollar loans. If they do dropout of European business – and this will in part depend on the availability of alternative deals at home – many bankers feel that this would only put further upward pressure on spreads, even for top-rated names in the industrialised world.

Eurobond prices marked higher

By Alan Friedman in London

THE Eurodollar bond market's buoyant mood continued yesterday with active secondary trading, prices marked ½ point higher and four new issues totalling $400m.

The market was encouraged by the strength of the New York bond market, by the drop in U.S. prime rate and by the expectation of a discount rate cut by the U.S. Federal Reserve Board, possibly later this week.

After Tuesday's flood of more than $1bn of new Eurodollar bonds, the market kept pushing out new deals yesterday, starting with a $200m seven-year 10½ per cent issue for General Motors Acceptance Corporation. Priced at 99, the paper may be called back by GMAC in 1988 at par.

Morgan Stanley is lead-managing the GMAC paper, which was said to be selling slowly but steadily last night. The coupon was seen as slightly aggressive by some bankers.

A new $50m seven-year issue for the Bank of Scotland, led by Kleinwort Benson, was also said to be selling slowly last night. The 10⅝ per cent paper is priced at par and was quoted at a discount of 1¼ per cent in the pre-market. Only 20 per cent is payable now; the balance is due next November.

Last on yesterday's list of new issues was a $50m 9⅞ per cent seven-year deal for Amoco Australia, guaranteed by Standard Oil of Indiana. Morgan Grenfell led this deal, priced at 99 to provide an issue price yield of 10.13 per cent. Amoco may call the bonds back in 1989 at 101.

This week's new Eurodollar issue tally stands at $1.7bn and includes a variety of borrowers, as was the case last week. Two factors seem to be helping the market to avoid excessive indigestion. These are the general optimism over falling dollar interest rates and the fact that many new issues are partly paid and thus not hard to place.

The $450m zero coupon serial issue for Chemical Bank seems to be selling reasonably well. The cheapest of the 20 tranches is the 20-year $165m section, priced at 14¼ per cent to yield 10⅛ per cent at redemption. Chemical appears to be getting cheaper money with this deal than would be the case with a straight issue either in the UK or in the U.S. market. It also obtains around $150m up front and an easy pay-back schedule over 20 years.

In the sterling bond market, Sweden's £50m bulldog issue through S. G. Warburg and Morgan Grenfell suddenly became more expensive than had been anticipated. The UK gilts markets deteriorated and as a result the 27-year issue was priced yesterday at £96.55 to yield 13.998. This was around 40 basis points higher than expected.

Euro D-Mark bond prices rose ¼ point last night in fairly active trading as German bankers continue to plan for a cut in the discount rate from 5 per cent.

A DM 75m private placement has been arranged for Ireland through WestLB.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for January 12.

U.S. DOLLAR STRAIGHTS
[illegible]

DEUTSCHE MARK STRAIGHTS
[illegible]

SWISS FRANC STRAIGHTS
[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
Quebec 5¾ 92	100	102⅞	103½	0	+0⅛	5.35
Sweden Kingdom 5⅞ 92	100	100¾	101	0	–0¼	5.75
Tokyo Elec Power 5⅞ 92	100	102⅞	103½	+0¼	–0¼	5.47
Tokyo Metropolis 5⅝ 92	100	100¾	101	–0½	+0½	5.28
World Bank 6¼ 92	100	104½	104¾	+1	–0½	5.62

Av. price changes: on day –⅛, on week –⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8½ 92	15	107⅝	108⅜	0	+0½	7.43
E.I.B. 8¼ 92	15	105¼	106	+0¼	+1½	7.39
Japan Airlines 7⅞ 87	9†	102½	103	0	+0¼	7.87

OTHER STRAIGHTS
[illegible]

FLOATING RATE NOTES
[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Marui 6 96	7/81	846.4	125½	127	+1½	7.49
Minolta Camera 5 96	10/81	828.4	73¼	74¾	–1⅛	24.82
Minorco 8¾ 97 †	5/82	8.16	149	151	–5½	–3.69
Murata 5¼ 96	7/81	1571	91¼	92¾	–3¼	8.53
NKK 6½ 96	7/81	188	80⅛	81⅝	0	18.82
Nippon Electric 5¼ 97	2/82	894.2	118⅞	120⅜	–2¼	3.52
Olympus Optical 6¾ 97	12/82	1331	106¼	107¾	–0½	7.71
Orient Finance 5¼ 97	3/82	1205	113	114½	–1⅛	–0.86
Sanyo Electric 5 96	10/81	652	83	84½	–1½	15.06
Sumitomo Electric 5½ 97	3/82	577.3	93⅝	95⅛	–2⅞	1.10
Sumitomo Metal 5¼ 96	10/81	296.1	71½	73	–0¼	25.96
Olympus Opt 4½ 92 SF	12/82	1331	107	108	–0¾	22.73
Konishiroku 6¾ 88 DM	8/82	616	114¼	115¼	–2¾	2.73
Mitsubishi Heavy 6 89 DM	2/82	283	105	106	–0⅞	13.77
Stor Bowling 6¼ 92 DM	2/83	365	109	110	–1⅞	8.37

* No information available–previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month: § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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QUARTERLY RESULTS

NATIONAL MEDICAL ENTERPRISES

Second quarter	1982/83 $	1981/82 $
Revenue	517.2m	318.3m
Net profits	21.5m	16.8m
Net per share	0.45	0.36
Six months		
Revenue	97.4m	630.4m
Net profits	41.1m	32m
Net per share	0.86	0.69

NATIONAL SEMICONDUCTOR

Second quarter	1982/83 $	1981/82 $
Revenue	277.5m	254.9m
Net profits	13.5m	182,000
Net per share	10.15	0.01

A. C. NIELSEN

First quarter	1982/83 $	1981/82 $
Revenue	162.1m	151.7m
Net profits	9.7m	8.4m
Net per share	0.87	0.75

PRICE

First quarter	1982/83 $	1981/82 $
Revenue	168.9m	100.3m
Net profits	4m	2m
Net per share	0.39	0.21

TRIZEC

Twelve months	1982/83 C$	1981/82 C$
Revenue	428m	360m
Net profits	35.7m	31.1m
Net per share	0.70	0.56

WALGREEN

First quarter	1982/83 $	1981/82 $
Revenue	526.6m	465.2m
Net profits	9.6m	7.8m
Net per share	0.63	0.53

JIM WALTER

First quarter	1982/83 $	1981/82 $
Revenue	506.1m	509.6m
Net profits	17.6m	8.4m
Net per share	1.01	0.48

مكرر من الاصل

Companies and Markets INTL. COMPANIES & FINANCE

Pick-up in U.S. housing starts gives a boost to Canada's forest products

A RISE in demand for lumber on the back of a picking-up in U.S. housing starts has sent a wave of optimism through the depressed Canadian forest products industry. Last year's news of lay-offs has shifted to news of re-employment.

Many of the recalls had been planned for some time. But the fact they were not postponed has encouraged an industry that has been severely depressed for the past two years. In some cases demand has recovered faster than expected. Mills that were to have been shut down until the middle of this month were re-opened early, shiftwork has increased, and even some log shortages have occurred.

But industry experts are concerned that the enthusiasm for the recovery is, as Mr Dick Bryan, chief economist of the Council of Forest Industries of British Columbia puts it: "A little overblown. There is a genuine improvement and an air of increased optimism.

The Toronto Stock Exchange has got the bullish message that analysts have been preaching for some time. One day last week, the paper and forest products index rose by 5.37 per cent — its largest single-day gain for some seven years.

The enthusiasm for the improvement in lumber spilled over into a rise across the board of the marker. MacMillan Bloedel, Great Lakes Forest Products and Consolidated-Bathurst, all with widely different product ranges, joined the general upsurge.

Newsprint, pulp and paper all face a fairly grim 1983, but the broad view seems to be that conditions cannot get any worse.

"I think we are at the bottom," says Mr Calvert Knusden, chairman and chief executive of MacMillan Bloedel, the West Coast company. "For those of us who cover the whole spectrum, it is a rolling recovery," with one product group after another joining the upturn.

But the recovery is at a very early stage. Analysts do not expect any significant rise in profitability on pulp and newsprint until 1984. As a whole, the forestry industry which employs one out of every 10 Canadians, either directly or indirectly, remains very depressed.

The lumber pick-up is one that has a low starting point. Some 60 per cent of Canadian lumber is exported to the U.S. So the number of housing starts there is crucial to the Canadian producers. In the 1970s, new houses were started at an average rate of more than 2m a year. By November, 1981, the annual rate had fallen to a mere 883,000, with the Canadian producers losing half their market.

Housing starts recovered to a rate of 1m last September and October, and by November they had shot up to 1.42m, as falling interest rates helped the market. There are doubts about the reliability of the November statistics, but most analysts believe that the market has turned the corner, and that the industry is on the edge of at least two years' growth. Lumber prices have picked up, and some producers are making profits again.

Analysts' forecasts are for about 1.4m U.S. housing starts this year, and 1.6m next.

Canadians have increased their U.S. market share to between 30 per cent and 31 per cent, which compares with some 25 per cent a few years ago. As U.S. lumber producers have been forced out of business, complaints have grown that the Canadians are in receipt of an effective subsidy

U.S. producers have pushed for tariff barriers which would severely damage the Canadian industry. But the more prices and demand improve, the less likely tariff action is.

While Canadians have been gaining market share in lumber, they have been losing it in newsprint. In 1950, they had 80 per cent of the U.S. market, but changes in technology and increases in capacity, with new U.S. mills fed by fast growing southern U.S. forests, have cut the Canadians' share to 56 per cent.

The Canadians are now swing producers. American Paper Institute figures show that for the first 11 months of 1982 U.S. production slipped 3.4 per cent, while Canadian production was down 8.3 per cent.

While competition in the U.S. has got fiercer, exports overseas have run up against the recent 16 per cent devaluation of the Swedish krona, and the installation of new capacity in countries which used to be significant importers.

The Canadians likewise have sharply increased capacity, helped by Government grants and tax incentives and spurred on by big profits and fast growth in newsprint consumption in 1978-79. Over the past five years, Canadians have increased their capacity by around 20 per cent.

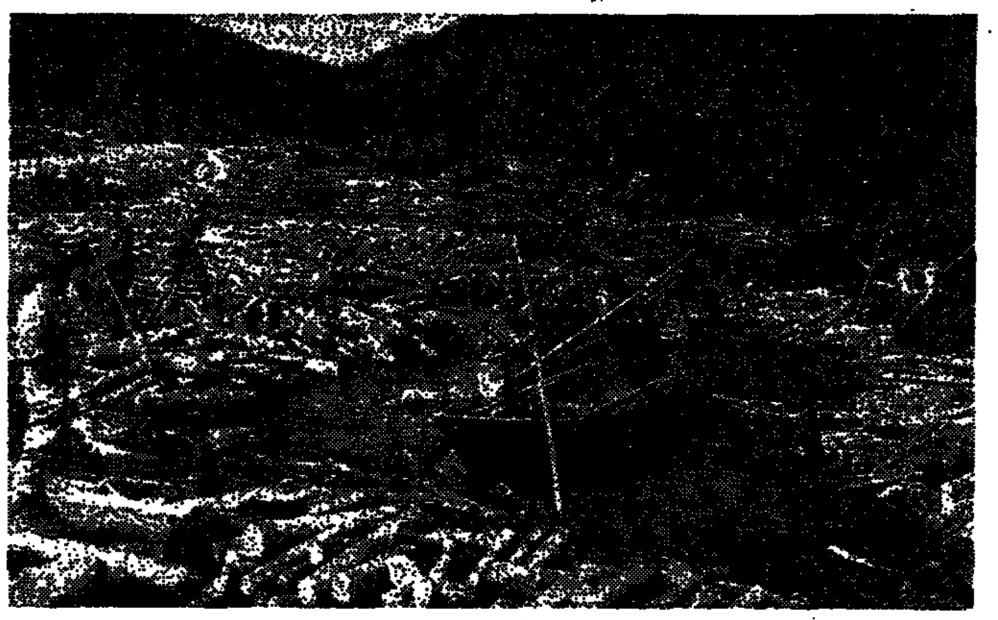
Demand has not met the increase in capacity. "Consumption has been flat for three years at a time of expansion," says Mr Bernard Koken, a vice-president of Abitibi-Price of Toronto, the largest newsprint producer in the world.

The excess capacity has given rise to price cuts led by Kimberley-Clark and International Paper of the U.S. For the first time, they have stolen the initiative from the Canadians who will have a tough fight to maintain their market share.

"I think the lot of the industry will not improve for two years," says Mr Koken. "This year will be worse from a profit point of view, and although 1984 will see some recovery, operating rates will still be below 90 per cent." That is the level at which the industry in the past has been able to pass on cost increases

One area with potential for rapidly increasing profits is pulp. But the question is when. Last year was bad for pulp producers. The Swedish devaluation gave Swedish producers a cost advantage of $5 a tonne over the Canadians. Canadian and American producers were hit hardest in the area that over the past decade has provided the best growth—Western Europe. Prices plummeted. By the third quarter of 1982 Canadians were getting 15 per cent less, and the Americans almost 13 per cent less for their pulp than in 1981.

High stocks continue but pulp capacity has hardly increased. When the U.S. economic recovery does get under way (and a world recovery with it) pulp prices could rise very rapidly.



River drivers on the Ste. Anne River, Quebec, pole through logs on their way to the sawmills

Nicholas Hirst

This announcement appears as a matter of record only — October, 1982

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NEDERLANDSE CREDIETBANK (OVERSEAS) N.V. THE NIPPON CREDIT BANK, LTD NIPPON EUROPEAN BANK S.A. PKBANKEN INTERNATIONAL (LUXEMBOURG) S.A.
POSTIPANKKI RABOBANK CURAÇAO N.V. RABOBANK NEDERLAND THE ROYAL BANK OF CANADA GROUP
THE ROYAL BANK OF SCOTLAND plc THE SAITAMA BANK, LTD THE SANWA BANK, LIMITED SLAVENBURG OVERSEAS BANKING CORPORATION
SOCIETE CENTRALE DE BANQUE SOCIÉTÉ GÉNÉRALE SOCIÉTÉ GÉNÉRALE DE BANQUE EN ESPAGNE SOCIETE GENERALE DE BANQUE S.A.
SOCIETE LUXEMBOURGEOISE DE BANQUE STANDARD CHARTERED BANK PLC THE SUMITOMO BANK, LTD BRUSSELS BRANCH
THE SUMITOMO TRUST AND BANKING CO., LTD. THE TAIYO KOBE BANK, LIMITED THE TOKAI BANK, LIMITED TORONTO DOMINION BANK
THE TOYO TRUST AND BANKING COMPANY LIMITED UBAF ARAB AMERICAN BANK UBAF BANK LIMITED UBAN INTERNATIONAL LIMITED
UNION BANK OF FINLAND LTD UNION DE BANQUES ARABES ET FRANÇAISES — U.B.A.F. UNITED GULF BANK (BAHRAIN) WESTDEUTSCHE LANDESBANK GIROZENTRALE
WILLIAMS & GLYN'S BANK plc YAMAICHI INTERNATIONAL (NEDERLAND) N.V. THE YASUDA TRUST AND BANKING COMPANY LIMITED

SOCIÉTÉ GÉNÉRALE
AGENT

December 1982
This announcement appears as a matter of record only

Indonesia

£125,000,000

Medium Term Acceptance Facility

Lead Managed by Lloyds Bank International Limited
The Hongkong and Shanghai Banking Corporation
The Industrial Bank of Japan, Limited
Midland Bank International
Samuel Montagu & Co. Limited
Morgan Guaranty Trust Company of New York
National Westminster Bank Group
Orion Royal Bank Limited
Standard Chartered Bank PLC
Swiss Bank Corporation International Limited

Managed by Banque Indosuez (London Branch)
Crédit Lyonnais (London Branch)
The Dai-Ichi Kangyo Bank, Limited
The Sumitomo Bank, Limited

Co-Managed by Banco di Roma (London Branch)
County Bank Limited
Mellon Bank
The Sanwa Bank, Limited
The Taiyo Kobe Bank, Limited

Provided by Arbuthnot Latham & Co. Limited
Bank of Baroda
Chuo Trust & Banking Company
Crédit Lyonnais (London Branch)
The Daiwa Bank, Limited
The Hongkong and Shanghai Banking Corporation
The Industrial Bank of Japan, Limited (London Branch)
Mellon Bank
Samuel Montagu & Co. Limited
National Westminster Bank PLC
The Sanwa Bank, Limited
Swiss Bank Corporation (London Branch)
The Taiyo Kobe Bank, Limited
Banco di Roma (London Branch)
Banque Indosuez (London Branch)
County Bank Limited
The Dai-Ichi Kangyo Bank, Limited
Grindlays Bank plc
N.V. De Indonesische Overzeese Bank
Lloyds Bank International Limited
Midland Bank plc
Morgan Guaranty Trust Company of New York
The Royal Bank of Canada
Standard Chartered Bank PLC
The Sumitomo Bank, Limited
The Yasuda Trust and Banking Company

Advisers to Indonesia: Kuhn Loeb Lehman Brothers International, Inc. Lazard Frères et Cie. S. G. Warburg & Co. Ltd.

Agent Bank Lloyds Bank International

This announcement appears as a matter of record only

SEOUL METROPOLITAN GOVERNMENT
SEOUL METROPOLITAN SUBWAY CORPORATION

Guaranteed by
Korea Exchange Bank

£82,114,576
guaranteed by
Export Credits Guarantee Department
of the United Kingdom

U.S.$204,671,000
Medium Term Loan

Finance for contracts placed with
GEC Transportation Projects Limited and GEC Transportation Projects International Limited
for Seoul Subway Lines 3 & 4

Arranged by

LAZARD BROTHERS & CO., LIMITED
and
KOREA MERCHANT BANKING CORPORATION

Lead Managers

Barclays Bank Group
The Industrial Bank of Japan, Limited Midland Bank International
National Westminster Bank Group Sumitomo Finance (Asia) Limited

Managers

Commerzbank Aktiengesellschaft Chase Manhattan Capital Markets Group
Grindlays Asia Limited International Commercial Bank PLC

Provided by

Barclays Bank International Limited, The Industrial Bank of Japan, Limited,
Lazard Brothers & Co., Limited, Midland Finance (H.K.) Limited,
National Westminster (Hong Kong) Limited, International Commercial Bank PLC,
Midland Bank plc, National Westminster Bank PLC, Commerzbank (South East Asia) Ltd.,
The Sumitomo Bank, Limited, The Chase Manhattan Bank, N.A.,
Grindlays Asia Limited, The Sumitomo Bank of California, Sumitomo Finance (Asia) Limited,
Banque Indosuez, London Branch, Commerzbank Aktiengesellschaft, London Branch, Grindlays Bank p.l.c.,
Sanwa International Finance Limited, Dai-Ichi Kangyo Bank Nederland N.V., Paribas Asia Limited,
Takugin International (Asia) Limited, The Bank of Tokyo Trust Company,
Japan International Bank Limited, The Saitama Bank, Ltd.,
The Sanwa Bank, Limited London Branch,
Associated Japanese Bank (International) Limited, Dresdner (South East Asia) Limited,
Union de Banques Arabes et Francaises (U.B.A.F.), Banque Paribas (London),
The Hokkaido Takushoku Bank, Limited London Branch,
Dresdner Bank Aktiengesellschaft, London Branch, UBAF Bank Limited.

Agent Bank
Lazard Brothers & Co., Limited

July 1982

Kingdom of Sweden

Issue on a yield basis of

£50,000,000 Loan Stock 2010

The Issue Yield (as defined by, and calculated in accordance with the terms of, the Prospectus published on 11th January, 1983) on the above Stock is 13.998 per cent.

Subject to the provisions of the above-mentioned Prospectus, the Stock will, on issue, bear interest at the rate of 13½ per cent. per annum, payable half yearly on 22nd January and 22nd July. The issue price is £98.550 per cent.

The application list will open at 10.00 a.m. today, Thursday, 13th January, 1983, and will close later today.

S.G. Warburg & Co. Ltd. Morgan Grenfell & Co. Limited

on behalf of

Kingdom of Sweden

13th January, 1983

Carma seeks to restructure its debt

By Nicholas Hirst in Toronto

CARMA, a property development group based in Calgary with interests throughout North America, has become the third Canadian property company in the past six months to seek to restructure its debt.

The company said the continued delay of an expected recovery in the real estate business had forced it to open talks with its bankers to reschedule its debts.

While the talks are underway principal payments are being deferred. At the end of 1981 Carma had outstanding long-term loans of C$789m (US$642m) and additional bank debt of C$103m against equity of C$140m and C$130m of preferred shares.

During 1982 it sold off assets worth C$175m. In August last year Daon Developments, a Vancouver-based group, asked bankers to reschedule its debt and Nu-west, which owns 48 per cent of Carma, made a similar request last month.

WARDLEY REPORT ON CARRIAN SHIPPING UNIT

Grand Marine case put to bankers

BY ROBERT COTTRELL IN HONG KONG

GRAND MARINE HOLDINGS (GMH), the shipping subsidiary of Carrian Investments, had debts at December 31 1982 of around US$450m, while net assets at September 30 1982 were about HK$100m (US$15.3m) according to a confidential document sent to its lenders last week.

GMH, in common with the rest of the Carrian group, is suffering critical cashflow difficulties, and is being advised by Wardley, the merchant banking arm of the Hongkong and Shanghai Banking Corporation. The GMH document says the survival of Grand Marine, which has 37 ships and a further 10 under construction, "is in grave doubt" unless bankers agree to a debt rescheduling plan effective from April 1.

Carrian bought Grand Marine in September 1981. Until recently, it was reckoned to be one of the more promising elements of the otherwise ailing conglomerate. Its shares, suspended since Monday last week, were trading before that at around 82 cents, having touched more than HK$4 earlier in 1982.

On January 3 GMH announced that it would be seeking a financial restructuring independently of Carrian Investments and that financial information was being sent to its bankers.

The major shock for minority GMH shareholders is a revised estimate of its net asset value. A former book net asset value of HK$5.10 per share at September 30 is slashed to just 55 cents after heavy write-downs of assets.

The book value of HK$2.46bn for Grand Marine's fleet is revised downwards to HK$1.72bn.

The effect on the group's balance sheet as of September 30 is to transform retained earnings of HK$154.8m into a deficit of HK$679.7m.

GMH also has share capital and share premium accounts totalling HK$685m and a general reserve of HK$94m.

GMH also had in its balance sheet at that date ready cash of HK$23.6m.

In the nine months to September 30, 1982, Grand Marine made a net profit of HK$61m, thanks to a HK$74.6m currency gain.

The document's 10-year cash-flow projection for Grand Marine shows commitments to repay debt principal of US$50m in 1983, US$42.4m in 1984, and US$50.6m in 1985. The principal repayment profile dips to US$36m in 1990 and US$11m in 1993. The projected effect on cashflow is an accumulated deficit peaking at US$144m in 1989.

The rescue package proposed for Grand Marine combines debt restructuring with a quick cash injection from Hongkong Bank Contingent on guarantees from GMH, and from its lenders in proportion to their outstanding loans, the bank is willing to offer a U.S.$6m three-month overdraft facility to GMH to pay trade creditors.

The lending banks, meanwhile, are being asked to agree a repayment schedule involving relatively small principal payments at six-monthly intervals over the next nine years, followed by a final "balloon" payment of U.S.$191m in 1993. In the meantime, lenders will receive ½ per cent extra interest on their loans.

Lenders are also asked to undertake that they will not enforce any guarantees given on GMH loans by Carrian Investments, and certain other parties, for at least two years unless the rescheduling scheme collapses before that time, and that where a loan is secured that security will not be enforced unless GMH defaults on its obligations. Lenders are also asked with immediate effect to forego principal payments.

The scheme also provides for the placing of a "financial controller" in GMH whose job will be to monitor expenditure.

Trying to keep a secret in Hong Kong is like trying to keep a hyena in a cardboard box. Wardley, the merchant bank, sent out its definitive information packages on Carrian Holdings and Carrian Investments to lending banks last week, stressing in no uncertain terms that they should be kept strictly confidential.

The dyke of secrecy has begun to crumble, and tips passed around the market. The most pervasive is a figure for the net asset value of Carrian Holdings, the unquoted parent of Carrian Investments, of minus HK$1.3bn (minus US$199m). This is rumoured to represent a "worst-case" scenario if the group were forced into an immediate asset sale.

Carrian Holdings' main asset is its stake of just over 50 per cent in Carrian Investments, the quoted property-heavy vehicle whose subsidiaries include the Grand Marine shipping fleet and China underwriters, the insurance group.

Bankers have been invited to submit comments and questions to Wardley by the end of this week. If the market rumours are anywhere near the truth, there could be quite a flurry of them before the mooted debt rescheduling and cash injection package can be put together.

Twelve foreign borrowers plan Samurai bond issues

TWELVE foreign entities plan to float Samurai bonds totalling between Y220bn and Y235bn ($960m to $982m) in the January to March period of 1983, according to Japanese underwriters, *Reuter reports from Tokyo.*

The Asian Development Bank will in January offer a Y20bn 12-year 7.8 per cent bond. The European Investment Bank and the New Zealand Government both hope to borrow Y20bn and the Government of Ireland is seeking Y15bn.

In February the World Bank, the French Electric Power Authority and the EEC are expected to enter the Samurai bond market, each seeking Y20bn. The Kingdom of Denmark will seek between Y15bn and Y20bn.

The Governments of Malaysia, Austria and Sweden and the French Housing Finance Corporation plan to issue Samurai bonds in March.

Sweden and Austria hope to borrow Y20bn each, and Malaysia and the French Housing Corporation want to raise Y15bn each.

The Japanese Finance Ministry and securities firms underwriting Samurai bonds have changed, as from this month, the method of scheduling Samurai bond issues on to a quarterly basis from the previous annual basis.

The change should shorten the waiting list for the bonds considerably, according to the officials.

The underwriters have said they have agreed to set a coupon for the Asian Development Bank's 12 year bond at 7.8 per cent.

● Toray Industries has reported consolidated net earnings up 49 per cent in the first half of fiscal 1982 ended September 30 from a year earlier, owing chiefly to a difference in foreign currency accounting procedures, AP-DJ reports.

Net earnings climbed to Y6.14bn ($26.8m) from Y4.12bn in the same period last year, when the leading textile maker posted a 74 per cent profit fall.

Net earnings per share went up to Y5.20 from Y3.60.

Fletcher completes Crown Zellerbach Canada deal

BY OUR FINANCIAL STAFF

FLETCHER CHALLENGE, New Zealand's largest company, has concluded negotiations and signed agreements for the purchase from Crown Zellerbach, the U.S. paper and pulp group, of its 84 per cent shareholding in Crown Zellerbach Canada.

Fletcher said that following the agreements it will make an offer for the 16 per cent shareholding in Crown Zellerbach Canada held by the public. This will be a cash offer at a price that is at least the cash equivalent of the price received by Crown Zellerbach and is expected to be C$33 a share.

The total nominal purchase price for the whole of Crown Zellerbach Canada will be about C$329m (US$268m).

Crown Zellerbach Canada is a major timber, pulp and paper producer. Fletcher Challenge has extensive forestry interests in New Zealand.

In the year to June 1982 Fletcher reported net profits of NZ$90.2m (U.S.$66.4m) on sales of NZ$2.15bn. The takeover of Crown Zellerbach Canada would add some NZ$720m in sales per year.

Fletcher announced preliminary agreement in November to buy Crown Zellerbach Canada and said then that the acquisition would substantially increase the group's presence in Pacific Basin markets

LLOYDS EUROFINANCE N.V.

Copies of the Audited Accounts of Lloyds Eurofinance N.V. for the year ended 30th September, 1982, are now available from:—

THE SECRETARY
LLOYDS BANK INTERNATIONAL LIMITED
40-66 QUEEN VICTORIA STREET, LONDON EC4P 4EL

AFDB to raise $350m on capital markets

By Peter Blackburn in Abidjan

THE African Development Bank (AFDB) is planning to raise $350m on the international capital markets in 1983 as part of its stepped up $1.6bn borrowing plan for the 1982-86 period, according to Mr Babacar N'Diaye, the bank's vice-president for finance.

AFDB, which is based in Abidjan, was set up to aid development programmes in Africa and has as members almost all the independent states in the continent with the exception of South Africa and Namibia.

The 1982-86 programme represents a sizeable increase over the $1bn total borrowed since the bank was formed in 1966. The increase is part of a plan to greatly expand lending over the same period.

AFDB aims to quadruple its lending in comparison with the 1977-81 period, to $4.5bn. The bank's two soft loan affiliates, the African Development Fund and the Nigeria Trust Fund, also plan to lend a similar amount.

This would see the group's cumulative lending total tripling by 1986 compared with 1981.

The recent opening up of the bank's capital to non-regional members has enabled it to expand its borrowing activities. AFDB's capital has been more than doubled to $6bn from $2.7bn, of which one-third is being subscribed by non-regional, mainly European, countries. One quarter of the bank's capital will be paid up with the rest callable.

Last September AFDB launched a DM 100m bond issue led by DG Bank. This, according to Mr N'Diaye, was done to test the bank's credit rating before non-regionals joined. He described the terms, a 10 per cent coupon and seven-year maturity, as "relatively favourable given the difficult international context."

These notes were offered and sold outside the United States.
This announcement appears as a matter of record only.

Den norske Creditbank
(Incorporated in the Kingdom of Norway with limited liability)

DnC

U.S.$50,000,000
13 per cent Capital Notes Due 1990

Payable as to 30 per cent on 17th November, 1982 and as to 70 per cent on 15th May, 1983

Lehman Brothers Kuhn Loeb International, Inc.
Manufacturers Hanover Limited
Algemene Bank Nederland N.V.
Bergen Bank A/S
Blyth Eastman Paine Webber International Limited
Christiania Bank og Kreditkasse
Crédit Lyonnais
Deutsche Bank Aktiengesellschaft
European Banking Company Limited
Kredietbank International Group
Kuwait Investment Company (S.A.K.)
Merrill Lynch International & Co.
Morgan Stanley International
Nomura International Limited
Nordic Bank PLC
Orion Royal Bank Limited
Swiss Bank Corporation International Limited
S. G. Warburg & Co. Ltd.

January, 1983

These securities having been placed privately, this announcement appears as a matter of record only.

NMB BANK

Established in Amsterdam, The Netherlands

Dfls 100,000,000
9¼% Bearer Notes 1982 due 1987

Nederlandsche Middenstandsbank N.V.
Rabobank Nederland
Kredietbank International Group
Union Bank of Switzerland (Securities) Limited

December 1982

NOVEMBRE 1982

Cet emprunt ayant été entièrement souscrit, le présent avis est publié à titre d'information seulement

CRÉDIT D'ÉQUIPEMENT
DES PETITES ET MOYENNES ENTREPRISES

EMPRUNT DE 50.000.000 d'ECUS 12 5/8 % 1982-1990
Garanti inconditionnellement par L'ÉTAT FRANÇAIS

SOCIÉTÉ GÉNÉRALE
BANQUE BRUXELLES LAMBERT S.A.
KREDIETBANK INTERNATIONAL GROUP
SOCIÉTÉ GÉNÉRALE DE BANQUE S.A.
ALGEMENE BANK NEDERLAND N.V.
BANQUE GÉNÉRALE DU LUXEMBOURG S.A.
BANQUE INDOSUEZ PARIS
BANQUE INTERNATIONALE A LUXEMBOURG S.A.
CAISSE DES DÉPÔTS ET CONSIGNATIONS
CRÉDIT COMMUNAL DE BELGIQUE S.A./GEMEENTEKREDIET VAN BELGIË N.V.
CRÉDIT LYONNAIS
ISTITUTO BANCARIO SAN PAOLO DI TORINO
THE NIKKO SECURITIES CO., (EUROPE) LTD.
SOCIÉTÉ GÉNÉRALE ALSACIENNE DE BANQUE

AMRO INTERNATIONAL LIMITED — BACHE HALSEY STUART SHIELDS INCORPORATED
BANCA COMMERCIALE ITALIANA — BANCA DEL GOTTARDO — BANCA NAZIONALE DEL LAVORO
BANK OF AMERICA INTERNATIONAL LIMITED — BANK OF TOKYO INTERNATIONAL LIMITED
BANQUE DU BÉNÉLUX S.A. — BANQUE FRANÇAISE DU COMMERCE EXTERIEUR
BANK GUTZWILLER, KURZ, BUNGENER (OVERSEAS) LIMITED — BANK/BANQUE IPPA
BANQUE NATIONALE DE PARIS — BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET
BANQUE PARIBAS — BANQUE DE PARIS ET DES PAYS-BAS BELGIQUE S.A.
BANQUE DE L'UNION EUROPÉENNE — BANQUE WORMS — BARING BROTHERS & Co., LIMITED
BLYTH EASTMAN PAINE WEBBER INTERNATIONAL LIMITED — CAISSE CENTRALE DES BANQUES POPULAIRES
CAISSE D'ÉPARGNE DE L'ÉTAT, LUXEMBOURG — CAZENOVE and Co — CHASE MANHATTAN CAPITAL MARKETS GROUP Chase Manhattan Limited
CHEMICAL BANK INTERNATIONAL GROUP — CITICORP INTERNATIONAL CAPITAL MARKETS GROUP
COMPAGNIE MONÉGASQUE DE BANQUE — CONTINENTAL ILLINOIS CAPITAL MARKETS GROUP
CREDITANSTALT - BANKVEREIN — CRÉDIT COMMERCIAL DE FRANCE — CRÉDIT GÉNÉRAL S.A. DE BANQUE
CRÉDIT DU NORD — CRÉDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
CRÉDIT INDUSTRIEL ET COMMERCIAL — CREDIT SUISSE FIRST BOSTON LIMITED
DAIWA EUROPE LIMITED — DEUTSCHE GENOSSENSCHAFTSBANK
DEUTSCHE GIROZENTRALE - DEUTSCHE KOMMUNALBANK — DOMINION SECURITIES AMES LIMITED
DRESDNER BANK AG — EUROPEAN BANKING COMPANY LIMITED — FINACOR
FINANCIÈRE DEWAAY S.A. — GENOSSENSCHAFTLICHE ZENTRALBANK AG VIENNA
GOLDMAN SACHS INTERNATIONAL CORP. — HAMBROS BANK LIMITED — IBJ INTERNATIONAL LIMITED
INDUSTRIEBANK INTERNATIONAL — KANSALLIS - OSAKE - PANKKI
KIDDER, PEABODY INTERNATIONAL LIMITED — F. Van LANSCHOT BANKIERS N.V. — LAZARD FRÈRES ET Cie
LEHMAN BROTHERS KUHN LOEB INTERNATIONAL, INC — LLOYDS BANK INTERNATIONAL LIMITED
LTCB INTERNATIONAL LIMITED — MANUFACTURERS HANOVER LIMITED — MERRILL LYNCH INTERNATIONAL & Co.
MITSUBISHI BANK (EUROPE) S.A. — SAMUEL MONTAGU & Co. LIMITED — MORGAN GRENFELL & Co. LIMITED
MORGAN GUARANTY Ltd — MORGAN STANLEY INTERNATIONAL
NEDERLANDSCHE MIDDENSTANDSBANK N.V. — NEDERLANDSE CREDIETBANK N.V. — NIPPON EUROPEAN BANK S.A.
NOMURA INTERNATIONAL LIMITED — SAL. OPPENHEIM JR. and CIE. — ORION ROYAL BANK LIMITED
PETERBROECK, VAN CAMPENHOUT et Cie S.C.S — SALOMON BROTHERS INTERNATIONAL
SMITH BARNEY, HARRIS UPHAM & Co. INCORPORATED — SOCIÉTÉ EUROPÉENNE DE BANQUE S.A. LUXEMBOURG
SOCIÉTÉ GÉNÉRALE BANK LIMITED — SOCIÉTÉ SÉQUANAISE DE BANQUE — SPAREKASSEN SDS
STRAUSS, TURNBULL and Co. — SVENSKA HANDELSBANKEN — SWISS BANK CORPORATION INTERNATIONAL LIMITED
S.G. WARBURG & Co. Ltd — WESTDEUTSCHE LANDESBANK GIROZENTRALE
DEAN WITTER REYNOLDS OVERSEAS Ltd — WOOD GUNDY LIMITED — YAMAICHI INTERNATIONAL (EUROPE) LIMITED

BfG

BfG Finance Company B.V.

U.S. $100,000,000 Floating Rate Notes 1989
Extendible at the Noteholder's Option to 1994

Notice is hereby given
pursuant to the Terms and Conditions of the Notes that
for the six months from
13th January, 1983 to 13th July, 1983
the Notes will carry an interest rate of 9⅛% per annum.
On 13th July, 1983 interest of U.S. $46.19 will be
due per U.S. $1,000 Note for Coupon No. 9.

Agent Bank:
European Banking Company Limited

13th January, 1983

US$200,000,000 Guaranteed Floating Rate Notes
Repayable at the Option of the Holder at Par
Commencing October 1982

Citicorp Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Unconditionally Guaranteed by

CITICORP

In accordance with the terms and conditions of the above-mentioned Notes and Agent Bank Agreement dated as of April 3, 1980 between Citicorp Overseas Finance Corporation N.V., and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 8 11/16% per annum and that the interest payable on the relevant Interest Payment Date, April 13, 1983, against Coupon No. 12 in respect of US$10,000 nominal of the Notes will be US$217.19.

January 13, 1983, London
By: Citibank, N.A. (CSSI Dept), Agent Bank
CITIBANK

Weekly net asset value

Tokyo Pacific Holdings (Seaboard) N.V.

on 10th January 1983, U.S.$65.12

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heldring & Pierson N.V.,
Herengracht 214, 1016 BS Amsterdam.

VONTOBEL EUROBONDINDIZES

WEIGHTED AVERAGE YIELDS
PER JANUARY 11 1983

	Today	INDEX Last week	Year's High	Year's Low
US$ Eurobonds	11.98	12.16	12.18	11.98
DM (Foreign Bond Issues)	7.44	7.42	7.53	7.42
HFL (Bearer Notes)	7.46	7.64	8.07	7.43
Can$ Eurobonds	13.20	13.59	13.55	13.20

J. Vontobel & Co. Bankers, Zurich - Tel: 01-488 7111

COMMODITIES AND AGRICULTURE

Copper market volatile

THE LONDON Metal Exchange copper market had a very busy day yesterday as prices fluctuated widely in response to a series of conflicting signals.

After opening very strongly, continuing the recent trend, values came under heavy pressure prompted by sterling's recovery and rumours of an iminent oil price cut.

After falling a little over £20, however, prices steadied again, and the abruptness of the halt in the decline was seen by analysts as a very encouraging sign that a clear support level had been established. Prices then moved ahead again strongly and the cash high grade price moved back close to the unchanged level after closing on the afternoon ring £12.25 down at £995 a tonne.

● **U.S. ORANGE** production is forecast at 224.5m boxes, 26 per cent more than last season's harvest, the Agriculture Department said this week. This is also 1m boxes more than the USDA indicated a month ago.

Florida's harvest was estimated at 147m boxes, unchanged from December, but 17 per cent larger than last season.

● **THE SAUDI** fisheries company has made SR 33m (£5.99m) in net profit in its first year of operations, Saudi Agriculture and Water Resources Minister Dr Abdul-Rahman Al-Sheikh said yesterday. The company had exported fish worth SR 13m to the U.S. and Japan last year.

● **SPAIN'S** imports of total grains in 1983-84 (July-June) will shrink to 6.35m tonnes from 8.14m in 1982-83.

● **MORE** than £2.5m is to be spent promoting eggs in the next few weeks in the biggest promotion mounted by producers in Britain. It will be aimed at boosting sales among young people, whose lack of interest is blamed for a 2 per cent drop in the market last year.

EEC blamed for sugar price slump

BY NANCY DUNNE IN WASHINGTON

WORLD sugar prices were nearly half what they would have been last year due to the addition of subsidised EEC sugar to the market, according to a report released here by the National Corn Development Foundation.

The study, prepared by a Washington consultants, Economic Perspectives, said that EEC white sugar exports of about 5.1m tonnes represented a 31.9 per cent addition to the world market.

"Since the EEC has a large disadvantage in sugar production during most years, it could not be an exporter without subsidies," the report said. "The sugar it places on the world market can then reasonably be argued to be adding unnecessarily to supply and depressing the world price."

Without the EEC sugar, the world price would have been more than 21 cents a pound, the report said, and the U.S. would never have imposed quotas to protect its internal sugar programme.

Three basic problems result from the EEC's subsidised exports — the high and annually escalating support price for beet sugar production; the discouragement of domestic consumption because of high consumer prices; the exhorbitant growth in the use of export subsidies which prevents build-up of Common Market stocks.

A total of 53,800 tonnes of EEC white sugar was authorised for export yesterday at the weekly Brussels tender, reports Reuter. A maximum export rebote of 37.476 Ecus per 100 kilos was set.

Justifying over production

BY JOHN CHERRINGTON, AGRICULTURAL CORRESPONDENT

SUCCESSFUL British farmers believe that the best answer to the problems of excess production is to improve their efficiency and produce more. By so doing their unit costs are reduced. This seemed to be the theme of the second day of the Oxford farming conference.

Mr Robin Malim, chief executive of Velcourt, outlined his plan for the farming of 20,000 acres by producing more and more cereals to compensate for any co-responsibility levy or price fall.

A Scottish hill farmer, Mr J. McNaughton, underlined the improvements the sheep regime of the EEC was financing on his farm. But he wanted some control of New Zealand lamb imports—"if they would not control we should," he declared.

Mr John Taylor from Somerset, who milks 600 cows, was not satisfied with pouring all his milk into the Milk Marketing Board vats so he started retail rounds, a cheese factory and real cream ice cream production. Showing equal initiative Mr Peter Smith runs a string of pick-your-own farms in different parts of the country.

But these last two are honorable exceptions. Far too many farmers believe that the fact that 20 per cent of the world's population is going hungry is sufficient justification for pushing production to the very limit.

Even Mr David Curry MEP, while warning farmers of the budgetary costs of the CAP gave them comfort in the end by saying that the EEC could do nothing very positive to halt excess production.

UK farm prices ease

By Our Commodities Staff

THE TREND in UK agricultural land prices turned downwards last November according to figures published by the Ministry of Agriculture yesterday.

They show that the average price for vacant possession farmland sales in England and Wales in the three months ended November was £4,175 a hectare compared with £4,227 in the August-October period. The weighted price, which allows for area and size-group variations in the sample, was £4,244 a hectare, down from £4,313.

The figures are based on 415 sales totalling 16,800 hectares.

Another set of figures just published by the Ministry shows that average English farm rents rose 11.5 per cent in the year to mid-October to £71.59 a hectare.

The average is based on a sample covering about 35 per cent of tenanted agricultural land. About 36 per cent had rent changes during the period and the average increase for these was calculated at 22.7 per cent.

Lower forecast for U.S. cotton

WASHINGTON — The U.S. Agriculture Department (USDA) estimates total 1982 U.S. cotton production at 12.0m bales (at 480 lb each), 1 per cent lower than forecast in December and 23 per cent below the 1981 out-turn.

In a monthly crop report based on conditions up to January 1, the USDA projected the average yield per acre at a record 582 bales compared with 543 in the 1981 season.
Reuter.

AUSTRALIA

Drought takes its toll of farm output

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE AUSTRALIAN wheat crop for 1982-83 is likely to total 9m tonnes, a drop of 7.33m tonnes, or 45 per cent, on last year. This will be the smallest harvest since 1972.

The main factor in the fall is drought, which has ravaged farm production in the eastern Australian states. The Bureau of Meteorology said this week that the drought was among the worst this century. The main areas hit are central and southern Queensland, most of New South Wales, Victoria, north and central Tasmania, and most of south Australia.

The latest crop report by the Bureau of Agricultural economics, published in Canberra this week, puts the wheat harvest in the three south-eastern states at 2.53m tonnes—the worst since 1957, and only a quarter of last year's yield.

The wheat received by state bulk-handling authorities is estimated at 7.8m tonnes, leaving approximately 1.2m tonnes (50 per cent more than usual) in the hands of farmers, to meet increased plantings and higher stock-feed levels.

The barley and oats harvest will also be much smaller, at an estimated 1.7m tonnes and 800,000 tonnes respectively, about half last year's output.

In its latest quarterly review, the BAE said that drought, allied to subdued export demand and rising costs, would affect Australian farm production dramatically in the current year, though export values would not be hit as hard as total production, due to wheat stocks and increased slaughtering of livestock.

It expected the gross value of farm production in 1982-83 to total A$11.24bn (£6.74bn), compared with A$12.45bn last year. However, the Bureau expected farm costs to rise from A$8 33bn to A$8.94bn, with a virtual halving, at A$2.3bn, in the net value of farm production.

In real terms, it said, the Australia farm sector was likely to see production reach its lowest level since the mid-1950s.

Meat production in 1982-83 is expected to total 2.582m tonnes (a decline of only 1 per cent), while wool production is expected to fall to 702,000 tonnes, which is close to the average for the past five years.

The Bureau said that slightly improved prices for most products except sugar were expected to be more than offset by lower volume caused by the drought, while it expected farmers' terms of trade to decline by 5 per cent, representing continuation of a long-term trend.

The BAE says: "The value of exports of rural origin in 1982-1983 is expected to decrease by 7 per cent to A$7.4bn as a result of a 5 per cent fall in the volume of exports and a decline in some export prices, notably for sugar. In real terms, this is well below the average for the past five years."

Though Australia is set to become a large world minerals supplier, farm exports are still of crucial significance to the country's balance of trade.

Since the turn of the year, there have been promising falls of rain in eastern New South Wales and in central and eastern Queensland. But the Bureau of Meteorology says widespread follow-up rains are needed to break the drought.

An added danger for farmers is summer bush fires, which have raged freely in recent days. Last weekend four fire-fighters were killed in bushfires in NSW and Victoria, with fires destroying thousands of hectares west of Melbourne, north and south of Sydney and in Kangaroo Valley, NSW. In Victoria, 11,000 hectares of state forest were destroyed south of Sydney. 300 hectares were destroyed in the Royal National Park.

This week a bush fire in the Australian capital territory, south of Canberra, was still out of control after five days. More than 12,000 hectares have been destroyed.

Thai tapioca export quotas filled

BY JONATHAN SHARP IN BANGKOK

WITH THE new year less than two weeks old, the Thai Government has already issued export certificates for all the 1.6m tonnes of tapioca products that Thailand can sell to the EEC in the first quarter of 1983.

No more certificates will be issued until April. The certificates allow tapioca to be admitted to the Community at the low duty of 6 per cent.

Two ships already loaded with tapioca cargoes totalling more than 30,000 tonnes are said to be stranded without certificates.

Under an agreement with the Community, Thailand limits exports of tapioca products to 5m tonnes each year for 1983 and 1984, plus a further 500,000 tonnes spread over the two years. Thailand has decided to export 5.2m tonnes this year in quarterly quotas of 1.6m tonnes, 1.35m tonnes, 1m tonnes and 1.25m tonnes.

The fact that the export certificates for the first quarter have been snapped up so soon indicates that Thailand has not made much progress in persuading its farmers to switch to crops other than tapioca, which faces a declining market.

Thailand exported a record 7.55m tonnes of tapioca in 1982 compared with 6.26m tonnes in 1981. The value of the exports also rose, from Baht 16.46bn (£440m) to Baht 19.7bn (£530m).

In the case of some Thai commodities, exports have risen in volume in 1982 but fallen in value because of depressed world prices.

Western Europe, which uses the tapioca in animal feed, is by far the largest market for Thai tapioca, but is slowly reducing the low-duty quotas.

Tapioca, which flourishes in poor soil, supports an estimated 5m people in Thailand and is the country's third largest foreign exchange earner after rice and tourism.

Boost for Israeli citrus

By L. Daniel in Tel Aviv

THE CORRECT application of fertiliser and water may double the yield from citrus groves, according to scientists of the Israeli Ministry of Agriculture and the Volcani Institute in Rehovot.

Experiments carried out at Moshav Nordiya in the coastal region of central Israel resulted in a boost of 45 per cent to 32 tonnes per acre as a result of monthly applications of fertiliser in place of half-yearly doses.

Correct irrigation, which will clearly vary according to weather conditions and area, are said to be another factor increasing yield.

PRICE CHANGES

[illegible]

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES traded erratically on the London Metal Exchange with Copper especially volatile and trading between £1,013 and £1,035 the latter being the closing price on the late kerb. Lead and Zinc moved in line with copper, lead closing at £321, after £308 and zinc at £460, after £452. All three metals were steady in early dealings but ran into heavy profit-taking [illegible]

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2405-15	-22.5	2426-8	-18.5
3 months	2470-5	-18.5	2495-8	-10

Nickel—Morning: Three months £2,500, 2,490, 85, 90, 95, 70, 65, 60, [illegible]

COPPER

[illegible]

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/FISH

[illegible]

... 390. Oct 397, 399, 398. Dec 402, 403, 402; Jan 404, 405, 404; Mar 411, 412, nil; May 418, 419, 418 Sales 33.

COTTON

LIVERPOOL—No spot or shipment sales were recorded Trading was at a standstill while the effect of higher interest rates on sterling was gauged. A small inquiry was encountered in specialist Middle Eastern growths as well as certain African styles

INDICES

FINANCIAL TIMES

Jan. 11	Jan. 10	M'th ago	Y'ar ago
244.79	244.48	233.52	247.53

(Base: July 1 1952 = 100)

REUTERS

Jan. 12	Jan. 11	M'th ago	Y'ar ago
1603.6	1616.5	1568.6	1612.6

(Base: September 18 1931 = 100)

MOODY'S

Jan. 11	Jan. 10	M'th ago	Y'ar ago
1032.0	1026.8	998.6	997.7

(December 31 1931 = 100)

DOW JONES

Dow Jones	Jan. 11	Jan. 10	Month ago	Year ago
Spot	140.34	140.12	153.73	126.97
Fut'rs	145.45	145.80	136.21	134.26

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	30.36-31.00	—0.10
Iranian Light	29.00-29.50	....
Arabian Heavy	27.80-28.00	—0.10
North Sea (Forties)	30.75-30.80	—0.15
African (Bonny L'ht)	31.65-32.00	—0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	298-306	....
Gas oil	276-285	—2.0
Heavy fuel oil	164-169	....

GAS OIL FUTURES

[illegible] reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	280.00	—	280.00-79.00
Feb	271.00	+1.50	271.50 67.75
March	262.25	+1.50	263.00 58.00
April	258.50	+1.50	259.50 55.50
May	256.00	+1.00	258.25 54.00
June	255.60	+0.50	255.25-54.00
July	255.50	+1.50	—
Aug	255.00	+0.50	—
Sept	256.00	—3.75	255.00

Turnover: 1,359 (3,572) lots of 100 tonnes.

GOLD MARKETS

Gold was unchanged from Tuesday's close in the London bullion market yesterday at $481-482. The metal opened at $482½-483½ and touched a high of $486½-487½ before the morning fixing of $483.0. However a low of $478½-479½ was touched in the afternoon before a firmer trend in New York helped prices recover to above $480.

In Paris the 12½ kilo bar was fixed at FFr 102,800 per kilo ($479.73 per ounce) in the afternoon compared with FFr 102,500 ($479.25) in the morning and FFr 104,000 ($488.11) on Tuesday afternoon.

In Frankfurt gold closed at $480½-482 from $479-480.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $485.00 from $483.50.

In Zurich gold finished at $480-483 from $478-481.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
January	—	—	—
February	482.70-83.5	-0.750	490.00-81.0
March	486.00-88.5	-1.250	—
April	490.00-90.5	-0.700	497.30-88.2
May	495.50-94.5	-0.500	—
June	497.00-97.5	-0.750	504.00-97.0
July	501.06-03.0	+0.250	499.20

Turnover: 1,195 (1,378) lots of 100 troy ounces.

	Jan. 12		Jan. 10	
Gold Bullion (fine ounce)				
Close	$481-482	(£304½-305¼)	$481-482	(£305-305½)
Opening	$482½-483½	(£306-306½)	$477½-478½	(£301½-302)
[illegible]				

EUROPEAN MARKETS

[illegible]

AMERICAN MARKETS

NEW YORK, January 12

Gold and silver were higher on speculative buying which gained momentum with the higher Federal fund rate: expectations of a major bull move have provided steady support in the market. Copper recovered on the steady tone in the precious metals which also terminated the wave of profit-taking triggered the previous day. Heating oil rallied on the outlook of cold and snowy weather moving to the east coast and on nervous profit-taking ahead of the [illegible] and resumed buying in distant months. Sugar prices declined sharply as EEC selling tenders, origin selling from South America and disappointed long liquidation pressed the market most of the day. Cocoa prices came back on new concern about the condition of the new crop and on arbitrage buying with more stable sterling. Coffee prices finished very strong on steady roaster interest and short-covering prompted by a tightening spot delivery situation in London [illegible]

NEW YORK

[illegible]

CHICAGO

[illegible]

Magnet & Southerns shows 14% halftime rise

FOLLOWING THE chairman's report of a modest improvement in activity at the annual meeting, Magnet and Southerns, maker of prepared joinery, doors and ancillary products, increased both sales and pre-tax profits by some 14 per cent in the first six months of the current year.

With first-half turnover up from £70.66m to £80.4m, taxable profits were ahead at £12.07m, against £10.58m last time, and Mr S. Oxford, the chairman, says that second-half figures should be at least as good as those now reported. Sales for the first three months of the period show a satisfactory increase

For the 12 months ended March 31 1982 turnover rose slightly to £136.35m (£135.99m) but profits before tax slipped from £22.62m to £19.11m.

The chairman says that because of the substantial amounts of capital investment that the company has put into new branches, factories and machinery over the recession, it is in a good position to take advantage of an increase in demand for its products.

The company is still pursuing vigorously its programme of opening new branches and it is also increasing its production capacity for kitchen units, new windows and facilities for processing glass.

The net interim dividend is effectively being lifted from 1.33p to 1.7p per 25p share. However, the 27½ per cent increase reflects the board's intention to make the interim and final dividends more equal and should not be taken as an indication that the final will exceed the previous year's payment—equivalent to 2p

The tax charge for the first six months increased from £4.11m to £4.76m and with the preference dividend absorbing £28,091 (same), profits attributable to ordinary holders were up from £6.44m to £7.29m.

The two principal UK trading subsidiaries, Magnet Joinery and Southerns-Evans both produced better results. Magnet Joinery's pre-tax profits rose from £7.35m to £8.36m on turnover of £47.24m (£38.89m), while Southerns-Evans' profits reached £3.68m (£3.3m) on £43.84m (£40.86m) turnover.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Colloids ......int.	0.65	March 25	0.59*	—	2.59*
Ashdown Inv. Tst.	4.8	March 25	4.8	6.9	6.6
Espley-Tyas	2.7	March 3	2.31¶	4.2	2.31
Hales Properties ...int.	1.33§	March 18	1*	—	3.33*
Hollas Group ....int.	1	April 1	1*	—	3*
M & G Dual Trust	12.35	March 2	12.1	21.75	21.15
Magnet & Southns int.‡	1.7	March 31	1.33*	—	3.33*
Moorgate Inv. Tst. int.	2.75	Jan 31	2.6	—	8.05
Oakwood Group	4.5	March 2	4.5	6.5	6.5
Ratners ....int.	0.67	March 7	0.67	—	2.3

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § To reduce disparity. ¶ For period from February 20 to September 30, 1981.

Hollas dives to £412,000 at midway

A SHARP downturn in first-half profits is reported by Hollas Group and although progress in the second six months is more encouraging the directors warn that figures for the full year will be lower than those for 1981-82.

Profits at the pre-tax level for the first half, covering the period to end September 1982, tumbled by £394,000 to £412,000 when compared with the same half last year on turnover higher at £17.22m, compared with £15.53m.

Bearing in mind the longer term prospects of the group, whose activities include the importation and distribution of made-up garments and the manufacture of household textiles, the directors are effectively maintaining the net interim dividend at 1p per 5p share—a final of 2p was paid previously.

First-half tax took £124,000 (£242,000) and extraordinary debits £92,000 (£48,000). Stated earnings per share were lower at 1.1p (2.2p).

In his last annual statement the chairman said he was confident the group would improve profitability given even moderately helpful trading conditions. He added that the order books were healthier than at the same time last year.

● comment

Hollas's performance over the last year has highlighted the view that importing and distribution is the only branch of the textile sector which is profitable in the UK. The Fortwell subsidiary has started to chip in more added value than most garment importers, from sending its designers to the Far East to financing, warehousing and steaming. Its customers include most of the larger stores and with its focus on the top end of the market the order book is up over last year. Long-term contracts and forward currency deals will insulate the company from the fall in sterling until well into the next financial year. The sales of the imported garments division—nearly 60 per cent of the total—in the first half generated sufficient profit to cover up the increasing losses of household textile manufacturing, where the Thrells subsidiary, bought just before the down-turn, is proving an embarrassment. The Leeds factory was closed down in the autumn and the workforce has been cut by nearly 100 since the year end and is now less than half the 1980-81 figure. In the last two years sales per employee for the group have increased from £21,500 to more than £40,000. The higher interest payments reflect Fortwell's decision to pay less in cash and more with credit for its garments as interest rates have fallen. The total figure for creditors and short-term borrowings together has remained unchanged at about £9.5m. As the benefits of rationalisation and the consumer spending boom feed through, final pre-tax profits could reach £1.1m, to give a fully-taxed p/e of 16 on yesterday's sare price of 33p (down 3p). The uncovered dividend on an inflation-adjusted basis gives a historic yield of 13.4 per cent.

Allied Colloids advances 36%

A 36 PER CENT lift in pre-tax profits from a restated £3.98m to £5.44m was achieved by Allied Colloids Group, maker of speciality chemicals, in the six months ended October 3 1982. The advance was attributable largely to the falling value of sterling against the currencies of the main countries to which the group exports.

External sales for the half year improved 12 per cent from £26.28m to £29.42m, of which overseas operations accounted for £23.84m (£21.1m). Comparative turnover and profit figures have been restated in respect of a change in accounting policy for overseas subsidiaries.

Although the company is making useful progress with newer products, the continuing state of the world economy prevents the board from making accurate predictions regarding the outcome of the full year's trading.

The net interim dividend is effectively being raised from 0.59p to 0.65p per 10p share—the previous year's total payment was 2.59p, after adjusting for the one-for-five scrip issue, and pre-tax profits were a restated £9.46m.

Interest charges for the first six months decreased from £368,000 to £246,000. With tax taking £2.25m (£1.82m) net profits were more than £1m higher at £3.19m, against £2.16m.

● comment

Shares in Allied Colloids fell 46p to 290p after the interim statement, which may seem unkind in view of a 36 per cent gain in pre-tax profits and an increased dividend. But the higher profits were largely due to the fall in sterling, and a major blow was the disclosure that sales gained only 12 per cent. Shareholders were told previously that sales were 18 per cent up in the first five months, so overseas business—81 per cent of turnover—evidently dropped off sharply in September as world economies slowed down. Oil and mining industry customers, especially in the U.S., reduced orders and Colloid's margins tightened from 6.0 to 5.7 per cent over the half year. With little sign of recovery yet, the City is predicting virtually nil growth in the second half, suggesting a pre-tax profit total of £11m to £12m for the full year—including a possible £1m from the pound's renewed weakness. Perhaps time to re-rate a group which doubled profits to £9.6m pre-tax last time and whose shares gained 181 per cent in 1982 and stand at a p/e of 23.

Sharp rise by Centrovincial in first half

An improved position in Australia and modest rental income improvements in the UK have enabled property company, Centrovincial Estates, to lift pre-tax profits to £1.21m for the six months to September 30 1982, which was almost double last year's corresponding figure of £633,000.

Net income from properties for the period was marginally lower at £1.96m, compared with £2.01m. Pre-tax revenue was made up of £961,000 (£512,000) from the UK and £254,000 (£121,000) overseas.

The net interim dividend is being raised by 25 per cent from 2p to 2.5p per 20p share—last year's total payment was 4p on taxable revenue of £1.55m (£1.37m).

Interest payable, net of receipts, showed a reduction from £1.47m to £992,000 and costs would have been even lower but for the effect of the continued weakness of sterling

NSS £5.7m rights for further expansion

NSS Newsagents has launched a £5.74m rights issue. The company, which a month ago announced full year pre-tax profits of £5.3m, is raising approximately £5.5m, net of expenses, by the issue of 6.17m new ordinary shares of 10p each at 93p per share.

The new shares are being offered to ordinary shareholders and to holders of the 10 per cent convertible unsecured loan stock 1990-2000 on the basis of one new share for every five held, and one new share for every five, which a holder of convertible loan stock would be entitled on a notional conversion (equivalent to one new ordinary share for approximately £4.07 nominal of convertible loan stock).

The company says the reasons for the issue are that worthwhile opportunities to acquire individual shops or chains of shops continue to arise and that plans are to carry on the development by the retail division by acquisition and by enlarging existing branches.

It also pointed out that its continued growth involved increasing fixed and capital requirements. Capital expenditure last year was a record £6m, and by December 1982 NSS had outstanding borrowings totalling £9.1m.

In July last year the group paid out £2.83m for newsagent G. Knight. Mr Alan Bowen, managing director, said yesterday that the Knight outlets "should make a substantial contribution this year."

NSS launched a rights issue as recently as May 1980, but Mr Bowen said: "I hope there will be a longer wait before the next one."

Mr Bowen added: "We aim to expand our branch network by about 30 outlets this year. We have no current plans for diversification. In a not too easy trading environment it is a case of 'better the devil you know.'"

In the absence of unforeseen circumstances, the board expects to propose total dividends of not less than 3p net for the year to October 2 1983.

The latest date for acceptance and payment in full in respect of the new shares will be February 7.

The issue has been underwritten by S. G. Warburg & Co. Brokers to the issue are L. Messel.

● comment

NSS Newsagents is probably the purest CTN stock on the market, so it is characteristic that the main reason for the rights issue is the steady expansion of its retail chain, rather than funding its video wholesaling business. With the inclusion of a full year's figures from the Knight acquisition, NSS should be capable of turning in about £5¾m pre-tax this year, although the company is more than usually apprehensive about what the Chancellor might do to "the noxious weed" in April. The cash call is not just about expansion: gearing had crept up above the 50 per cent market, but after the proceeds of the issue have been absorbed that figure should drop to about 30 per cent. The audio and video wholesaling business was not a conspicuous success last year, but it now seems that NSS has got things under control, and a profit of about £150,000 from that source is on the cards. Yesterday the shares slipped 4p to 108p, indicating an ex-rights prospective yield of about 4 per cent.

ADVERTISEMENT

DENISON MINES

CHARLES D. PARMELEE
B.Eng., M.B.A., P.Eng.

Stephen B. Roman, Chairman and Chief Executive Officer of Denison Mines Limited, announces the appointment of Charles D. Parmelee to the new position of Executive Vice-President of the Company. Mr. Roman also announces the election of Mr. Parmelee as a Director of Denison and as Vice-Chairman of the Board of Directors of Lake Ontario Cement Limited. Mr. Parmelee will be based at Denison's corporate offices in Toronto.

A graduate of Royal Military College, McGill University and the University of Western Ontario, Mr. Parmelee joined Denison in 1968 and for the past year has been Executive Vice-President, Corporate Affairs. He is Chairman of the North Aegean Petroleum Company in Greece and is a Director of Roman Corporation, Lake Ontario Cement, and several other companies. As well, he serves as a Director of the Canadian Chamber of Commerce and of the Ontario Chamber of Commerce.

Denison is a diversified Canadian company and a major energy producer, with extensive world-wide interests in uranium, oil and gas, and coal, as well as investments in other industries.

Buoyant year for Equitable Life

A buoyant year for new life and pensions business has been reported by the Equitable Life Assurance Society, the oldest mutual life company in the world. New annual premiums advanced from £35.3m to £45.2m, an increase of 28 per cent, while single premiums improved nearly 50 per cent from £16.6m to £24.4m.

The society continued its success in the individual pensions field, with new annual premiums for self-employed pension contracts rising 30 per cent to £24.6m. Annual premiums for executive pensions showed a similar percentage increase to £8.6m, while single premium payments into executive pensions were also strong at £6.9m.

The company experienced a good year for ordinary life business. New annual premiums jumped 20 per cent, from £3.5m to £4.2m, while a total of £6m was invested in temporary annuities used to fund the successful 10-year regular savings plans.

The Society continued a leader in the growing field of Additional Voluntary Contribution pension schemes to supplement company pensions schemes. This enabled it to show an increase in group pension premiums last year despite the recession.

New annual premiums jumped by a quarter from £5.9m to £7.5m, while single premium group pension payments amounted to £9m.

National Mutual Life Assurance Society recorded a 22 per cent increase in new annual premiums last year from £6.2m to £7.58m, though single premiums were virtually unchanged at £4.83m against £4.85m in 1981.

The Society had a good year for self-employed pension contracts with new annual premiums up by nearly 80 per cent and single premiums showing a two-thirds increase.

New annual premiums for assurances were 23 per cent higher at £4.39m, against £3.57m. Group pensions business, however, was disappointing.

LADBROKE INDEX
based on FT Index
596-601 (−3)
Tel: 01-493 5261

Ratners plunges to £1.1m loss but sees turnround

WITH PRESSURE on margins at Ratners (Jewellers), caused by the delayed effect of gold price fluctuations and the need to maintain competitive pricing, the group plunged from taxable profits of £234,000 to losses of £1.1m in the first half to October 6, 1982. Sales excluding VAT edged ahead from £10.38m to £10.51m.

The interim dividend of this jewellery manufacturer, wholesaler and retailer, is being maintained at 0.67p net per 10p share; last year a total of 2.3p was paid.

Mr L. M. Ratner, chairman, says there was a sharp increase in turnover in the important Christmas period and this gives the directors confidence to expect the first half deficit should be substantially covered by second half profits.

A property sale produced an extraordinary credit of £108,000 (nil). There was a tax credit of £175,000 (£122,000 charge).

● comment

Ratners' interim results must go to show that all that glitters is not profitable. In the short term, at least, the company claims that it will be able to make good its £1.1m pre-tax loss in the second half. Traditionally, this is always much more profitable as it includes the Christmas period, and indeed, sales in the first three weeks of December 1982 were 12 per cent up on the corresponding period of 1981. The pre-Christmas spending spree seems to have rubbed off on jewellers as much as video stores, and Ratners claims that the higher volume has continued in the past few weeks. The first half losses were due almost entirely to pressure on prices, both from a fall in the gold price and competitive pricing from other retailers. Ratners is trying to move up-market where it feels demand is steadier, and has been particularly successful in sales of expensive diamond rings, which now account for 25 per cent of turnover. The balance sheet is healthy with very low gearing, so paying out a maintained dividend is not a problem. Assuming the same final dividend as last year, the yield is 8.6 per cent on a price of 39p, down 6p on the day.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—AIM, Greene King, Jones Stroud, London Investment Trust, Syltone, Symonds Engineering, John Waddington, Henry Wigfall.

Finals—Evode, Hill and Smith, Robert H. Lowe, M & G Group, Muirhead.

FUTURE DATES

Interims:—

Brown (John)	Jan 28
Davy Corporation	Jan 20
De Brett (Andre)	Jan 20
Dyson (J. & J.)	Jan 21
Gold Fields of South Africa	Feb 1
Midland Trust	Jan 18
New Wits	Jan 19
Unitech	Feb 1

Finals:—

Bio-Isolates	Jan 14
Kellock Trust	Feb 1
Raeburn Investment Trust	Jan 21
Vogelstruisbult Metal	Jan 19

Laganvale slightly down at midyear

Interim pre-tax profits of property investment, development and dealing group Laganvale Estate slipped from £124,023 to £121,769. There is again no interim dividend but the directors say they hope to recommend payment of at least 1p for the year—the last dividend was paid in 1974.

Group turnover covering the six months to October 31 1982 fell back from £1.39m to £1.17m. Tax paid rose to £63,320 (£53,332) after which earnings per 10p share emerged at 0.4p (0.48p).

There has been a continuing improvement in the level of income and capital value from the Mitre House, Brighton office and shop complex. Unrequired secondary and tertiary properties have been sold for over £400,000 since March, slightly above book value.

Contracts have been exchanged for the purchase of a freehold shop and commercial property in Yeovil, which has "considerable potential" for income and capital growth.

The activities of the group's subsidiary Regentcrest are continuing to be expanded. Excluding retained profits, £250,000 of managed funds are producing an above average return

Espley-Tyas ahead 21%

TAXABLE PROFITS of property investor, developer and construction concern Espley-Tyas Property Group advanced by 21 per cent from a restated £2.28m to £2.77m in the year to September 30 1982. This compares with a forecast of profits of not less than £2.7m made at the time of the group's offer for Howard Tenens last November. Turnover advanced from £29.65m to £50.81m.

The final dividend is set at 3.7p net per 25p share making a total of 4.2p. In the previous accounting period from February 20 to September 30 1981 a single payment of 2.31p was made. Earnings per share for the year are given as 15.1p (20.6p).

Mr R. A. Shuck, chairman, says the group now owns 84.35 per cent of the shares of Howard Tenens Services and expects that it will become a wholly owned subsidiary within the next few months. The stated policy to dispose of certain assets and trading businesses is being actively pursued

Tax took £581,000 (£203,000) and after minorities of £357,000 (£306,000) and extraordinary debits of £274,000 (£426,000)—for goodwill arising on consolidation written-off — the attributable profits emerged at £1.55m (£1.34m).

Yearlings total £14m

Yearling bonds totalling £14m at 10⅜ per cent redeemable on January 18, 1984 have been issued this week by the following local authorities:

Basingstoke & Deane Borough Council £1m; Cheltenham BC £0.5m; Kings Lynn & West Norfolk (Borough Council of) £1m; St. Helen's Metropolitan BC £1m; Harborough District Council £0.6m; Alnwick DC £0.25m; Ogwr BC £0.4m; South Bedfordshire DC £0.25m; Wellingborough DC £1m; West Oxfordshire DC £0.5m; Swansea (City of) £0.5m; Birmingham (City of) DC £1m; Fife Regional Council £1m; Lambeth (London Borough of) £0.5m; Motherwell DC £1m; Thamesdown (Borough of) £1.5m; Oldham Metropolitan BC £1.5m; Bedfordshire County Council £0.5m.

Matthew Brown
P.L.C.

Lion Brewery Blackburn

Extract from the Report and Accounts to 2nd October, 1982.

RESULTS AT A GLANCE—in £'000	1982 (52 weeks)	1981 (53 weeks)
Turnover	34,334	30,919
Profit before tax	5,836	5,044
Profit after tax	3,813	3,147
Earnings per share	19.34p	18.06p
Dividends per share	6.90p	6.35p

Some points made by the Chairman, Mr. Patrick Townsend, in mid December, 1982.

* Total sales volume was marginally down on the previous year, but much less so than the national average.
* Volume sales of Slalom Lager increased by 9%, thereby continuing to gain market share.
* Sales to the Free Trade increased and accounts were opened in new areas.
* Major improvements were carried out in 26 pubs and 11 additional pubs were acquired.
* The provision of better facilities in our public houses and the extension of our trading areas remain high priorities for the current year.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1982-83 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
133	120	Ass. Brit. Ind. Ord.	133	—	6.4	4.8	7.8	10.2
150	117	Ass. Brit. Ind. CULS	150	—	10.0	6.7	—	—
74	57	Airsprung Group	65	—	6.1	9.4	7.4	12.7
46	37	Armitage & Rhodes	37	—	4.3	11.6	4.2	7.3
296	197	Bardon Hill	286	—	11.4	4.0	12.0	15.1
123	100	CCL 11pc Conv. Pref.	121	− 1	15.7	13.0	—	—
270	240	Cindico Group	246	− 1	17.6	7.2	10.0	11.2
86	58	Deborah Services	58	− 1	6.0	10.3	3.8	10.4
151	125	Frank Horsell	151	—	7.9	5.2	6.3	6.8
83	61	Frederick Parker	61	—	6.4	10.5	3.1	5.9
55	38	George Blair	38	—	—	—	6.6	13.8
100	78	Ind. Precision Castings	78	− 2	7.3	9.4	10.0	12.6
135	100	Isis Conv. Pref.	134	− 1	15.7	11.7	—	—
126	94	Jackson Group	126	—	7.5	6.0	3.9	8.0
172	111	James Burrough	170	—	9.6	5.6	12.4	13.8
260	170	Robert Jenkins	170	− 2	20.0	11.8	1.9	27.0
83	54	Scruttons "A"	74	—	5.7	7.7	9.6	11.6
167	117	Torday & Carlisle	117	—	11.4	9.7	5.2	9.0
25	21	Unilock Holdings	24	—	0.46	1.9	—	—
85	71	Walter Alexander	74	− 1	6.4	8.6	5.3	7.6
254	214	W. S. Yeates	253	− 1	14.5	5.7	6.6	13.2

Prices now available on Prestel page 48146.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	Jun. Vol.	Jun. Last	Sep. Vol.	Sep. Last	Stock
D/FL C	F.260	1	4.50	—	—	—	—	F.259.95
D/FL C	F.265	10	3	5	4	—	—	"
D/FL C	F.275	3	1.20	—	—	—	—	"
D/FL P	F.260	9	8.40	2	12	—	—	"
D/FL P	F.265	1	9.50	—	—	—	—	"
D/FL P	F.270	2	13.50	3	19	—	—	"
		Feb.		May		Aug.		
[illegible]								
MANN C	DM 150	20	3	—	—	—	—	DM148.80

TOTAL VOLUME IN CONTRACTS 13150

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

January 12 Total Contracts 3,485 Calls 2,388 Puts 1097

Option	Ex'cise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity Close
BP (c)	260	40	10	52	—	—	—	300p
BP (c)	280	22	—	34	43	—	—	"
BP (c)	300	8	83	20	43	34	—	"
BP (p)	280	1½	—	10	41	—	—	"
BP (p)	300	9	72	24	19	36	10	"
BP (p)	330	34	1	46	—	56	—	"
CU (c)	130	9	29	14	7	17	50	137p
CU (c)	140	2	17	9	6	11	4	"
CU (p)	130	2	—	7	4	12	—	"
CU (p)	140	7	29	15	—	20	—	"
Cons. Gld (c)	390	145	1	160	—	155	—	532p
Cons. Gld (c)	420	115	11	120	—	125	—	"
Cons. Gld (c)	460	75	4	82	1	90	—	"
Cons Gld. (c)	500	35	65	55	39	65	3	"
Cons. Gld. (c)	550	7	9	28	22	37	3	"
Cons. Gld. (p)	460	1½	—	7	10	13	—	"
Cons. Gld. (p)	500	4	68	18	39	25	—	"
Cons. Gld. (p)	550	35	1	45	6	52	—	"
Ctlds. (c)	70	5	—	8	—	12	5	75p
Ctlds. (c)	80	1	—	4	2	7	—	"
Ctlds. (p)	80	8	10	9	10	12	—	"
GEC (c)	187	20	2	—	—	—	—	204p
GEC (c)	197	12	6	25	4	—	—	"
GEC (c)	217	1½	12	14	63	—	—	"
GEC (c)	237	1	—	8	6	—	—	"
GEC (c)	260	½	—	4½	2	10	—	"
GEC (p)	197	4	27	9	45	—	—	"
GEC (p)	217	14	50	22	—	—	—	"
GEC (p)	220	—	—	—	—	34	5	"
GEC (p)	260	56	—	60	10	66	—	"
Gr'd Met. (c)	260	68	—	70	3	—	—	326p
Gr'd Met. (c)	280	48	3	50	—	56	—	"
Gr'd Met. (c)	300	29	47	32	9	40	25	"
Gr'd Met. (c)	330	6	224	16	30	21	4	"
Gr'd Met. (c)	360	1¼	—	8	15	13	1	"
Gr'd Met. (p)	300	1½	—	6	2	6	—	"
Gr'd Met. (p)	330	8	89	16	20	19	—	"
Gr'd Met. (p)	360	36	2	39	—	43	3	"
ICI (c)	300	52	40	58	10	65	—	348p
ICI (c)	330	24	1	30	9	38	1	"
ICI (c)	360	4	41	15	12	20	—	"
ICI (p)	330	2	24	13	1	18	—	"
ICI (p)	360	15	—	30	2	36	—	"
Land Sec. (c)	250	22	—	28	1	33	—	278p
Land Sec. (c)	280	4	3	15	—	21	—	"
Land Sec. (c)	300	1	—	8	1	12	—	"
Land Sec. (p)	260	1½	4	9	—	12	—	"
Land Sec. (p)	280	6	13	12	—	12	—	"
Land Sec. (p)	300	23	—	26	1	17	—	"
Mks & Sp. (c)	160	47	3	52	31	31	—	205p
Mks & Sp. (c)	180	27	—	34	3	38	—	"
Mks & Sp. (c)	200	9	68	19	22	24	—	"
Mks & Sp. (c)	220	2	52	9	—	16	—	"
Mks & Sp. (c)	240	1	—	4	8	8	—	"
Mks & Sp. (p)	200	4	13	9	—	12	20	"
Mks & Sp. (p)	220	16	74	19	25	24	—	"
Mks & Sp. (p)	240	36	13	39	2	44	13	"
Shell (c)	360	84	10	88	—	—	—	442p
Shell (c)	420	24	5	34	—	42	—	"
Shell (c)	460	2½	125	16	—	26	—	"
Shell (p)	420	3	100	16	8	18	—	"
		February		May		August		
Barclays (c)	420	3	10	12	—	22	—	390p
Imperial (c)	90	22	2	24	—	—	—	109p
Imperial (c)	100	13	137	16	—	—	—	"
Imperial (c)	110	6½	18	9	—	15	—	"
Imperial (c)	120	2½	2	5	—	8	—	"
Imperial (p)	110	5	10	8	70	11	—	"
Imperial (p)	120	12	24	16	26	19	—	"
Lasmo (c)	330	10	5	19	4	32	10	294p
Lasmo (c)	360	4	—	15	10	—	—	"
Lasmo (p)	300	18	—	32	10	42	—	"
Lonrho (c)	70	30	3	—	—	—	—	98p
Lonrho (c)	80	20	2	21	3	22	46	"
Lonrho (c)	90	10	82	13	36	14	18	"
Lonrho (c)	100	4	48	6	50	8½	43	"
Lonrho (p)	90	1½	2	5	—	—	—	"
Lonrho (p)	100	5	—	11	—	13	15	"
P & O (c)	110	6	16	12	25	14	—	107p
Racal (c)	390	155	1	—	—	—	—	539p
Racal (c)	500	47	12	64	20	—	—	"
Racal (c)	550	16	6	40	25	60	—	"
Racal (c)	600	4	2	18	—	40	5	"
Racal (p)	500	7	2	16	—	—	—	"
Racal (p)	550	20	10	37	2	48	—	"
Racal (p)	600	64	3	70	—	77	—	"
RTZ (c)	390	127	4	132	—	—	—	514p
RTZ (c)	460	57	65	70	3	80	—	"
RTZ (c)	500	20	108	48	64	62	—	"
RTZ (c)	550	8	1	20	72	37	2	"
RTZ (p)	460	4	25	14	3	22	—	"
RTZ (p)	500	14	8	27	—	37	—	"
Vaal Rfs. (c)	80	37½	20	38	—	39	—	$117
Vaal Rfs. (c)	90	27½	1	28	1	30	5	"
Vaal Rfs. (c)	100	18	3	21	—	25	1	"
Vaal Rfs. (c)	110	11	—	16	25	21	6	"
Vaal Rfs. (c)	120	5½	15	11½	12	16½	2	"
Vaal Rfs. (p)	100	1	—	4½	1	7	—	"
Vaal Rfs. (p)	110	4½	—	9½	—	11½	2	"
Vaal Rfs. (p)	120	10	4	13½	—	16	—	"

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	11 %	Gulf G'tee Trust Ltd.	12 %
Allied Irish Bank	10 %	■ Hambros Bank	11 %
Amro Bank	11 %	Hargrave Secs. Ltd.	11 %
Henry Ansbacher	11 %	Heritable & Gen. Trust	11 %
Arbuthnot Latham	11 %	■ Hill Samuel	§11 %
Armco Trust Ltd.	11 %	C. Hoare & Co.	†11 %
Associates Cap. Corp.	10 %	Hongkong & Shanghai	11 %
Banco de Bilbao	11 %	Kingsnorth Trust Ltd.	11 %
Bank Hapoalim BM	11 %	Knowsley & Co. Ltd.	11½%
BCCI	11 %	Lloyds Bank	11 %
Bank of Ireland	10 %	Mallinhall Limited	11 %
Bank Leumi (UK) plc	11 %	Edward Manson & Co.	12 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank Street Sec. Ltd.	10½%	■ Samuel Montagu	11 %
Banque Belge Ltd.	10 %	■ Morgan Grenfell	11 %
Banque du Rhone	12 %	National Westminster	11 %
Barclays Bank	11 %	Norwich Gen. Tst.	11 %
Beneficial Trust Ltd.	12 %	P. S. Refson & Co.	10½%
Bremar Holdings Ltd.	12 %	Roxburghe Guarantee	11½%
Brit. Bank of Mid. East	11 %	Royal Trust Co. Canada	10 %
■ Brown Shipley	11 %	Slavenburg's Bank	11 %
Canada Perm't Trust	11½%	Standard Chartered	‖11 %
Castle Court Trust Ltd.	11½%	Trade Dev. Bank	11 %
Cayzer Ltd.	11 %	Trustee Savings Bank	11 %
Cedar Holdings	10 %	TCB	10 %
■ Charterhouse Japhet	11 %	United Bank of Kuwait	11 %
Choulartons	11½%	Volkskas Intl. Ltd.	11 %
Citibank Savings	¶ 9 %	Westpac Banking Corp.	10 %
Clydesdale Bank	11 %	Whiteaway Laidlaw	11½%
C. E. Coates	12 %	Williams & Glyn's	11 %
Comm. Bk. of N. East	10 %	Wintrust Secs. Ltd.	11 %
Consolidated Credits	10 %	Yorkshire Bank	11 %
Co-operative Bank	*11 %		
The Cyprus Popular Bk	11 %		
Duncan Lawrie	11 %		
E. T. Trust	11 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13½%		
Robert Fraser	11 %		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.6%.

† 7-day deposits on sums of: under £10,000 8%, £10,000 up to £50,000 8¼%, £50,000 and over 9½%.

‡ Call deposits £1,000 and over 8%.

‖ 21-day deposits over £1,000 9%.

§ Demand deposits 8%.

¶ Mortgage base rate.

Beazer increases its offer for Green by £2m

BY RAY MAUGHAN

C. H. Beazer (Holdings), the West Country housebuilding and construction products group, has raised its contested cash and equity offer for R. Green Properties by £2m to £13.7m.

The terms now comprise two Beazer shares, priced yesterday at 218p after a 3p fall, and 350p in cash for every seven Green shares.

At last night's prices, the offer values each Green share at 112.3p, against the price of 112p at which Beazer was able to lift its stake from 5.58 to 7.2 per cent.

Having dropped 5p on Tuesday, Green recovered 1p yesterday to close at 111p.

The offer, Beazer stipulated, is conditional upon acceptances being received within 14 days of posting the documents containing the increased offer.

Beazer had initially argued that the true value of Green's assets would be only 100p, taking full provision for deferred taxation, but its first offer, worth 96p per share at current prices, had been accepted by holders of only 0.15 per cent of Green's equity.

Green's instant response yesterday was to stress that the revised terms still take no account of the results of the independent portfolio valuation which should be available by the end of next week, or the start of the following week.

The defence believes that Beazer is attempting to anticipate the valuation details by raising its offer "in the hope of acquiring further shares in the market at a price which does not reflect the current value of Green's properties."

Green's particular problem is to persuade shareholders not to sell in the market or to accept Beazer's bid until the valuation is complete. Current asset value is 121p per share against which, Green has argued, no capital gains tax liability should be provided.

Possible bid for N. Goldsmiths

BY CHARLES BATCHELOR

A BID may be made next week for troubled Northern Goldsmiths, the Newcastle-upon-Tyne jeweller and bookmaker. The inital reaction from Northern, which as yet has no details of any offer, was that it would not welcome an approach.

The group, which made a loss in the first half of 1982 after two years of declining profits, moved back into profit in the second half and expects to be in the black in the 12 months ending February 28.

"It is really a case of having gone through three really nasty years," said Mr Michael Royds, chief executive. "Now we can see light on the horizon it would be nice to have it for ourselves. But clearly anyone on the other side of the fence sees that the worst is over, only good can come and it is now time to move in."

Northern announced yesterday that a meeting is being arranged for next week which may or may not lead to an offer being made. The share price rose 6p yesterday to a new 1982-83 high of 100p valuing the company at £3.45m.

Northern's jewellery retailing activities had been hit by the recession, while settled weather conditions in early 1982 meant punters profited at the expense of bookmakers.

But from September, jewellery sales picked up while the mild winter weather meant that a full racing season had been possible, the company said.

Northern reported a pre-tax loss of £149,300 for the six months ended August 31 1982 compared with a profit of £44,000 in the comparable period. Turnover rose slightly from £8.59m to £8.83m.

ASSOC. SPRAYERS

The shares of Associated Sprayers, the Birmingham manufacturer of household and garden sprayers, were suspended yesterday at the company's request pending an announcement. The 31p suspension price values the company at £2.7m.

£1.6m move into video by MAM

Management Agency and Music (MAM), the show business, leisure and hotels group, is to pay £1.625m for a 75 per cent stake in Research Recordings (RR), which supplies services to the video industry.

Mr Michael Abrahams, the vendor, has warranted net profits before tax and extraordinary items of not less than £250,000 for the year ending April 30 1983 compared with profit of £195,000 last time. RR had net tangible assets of £357,000 at April 30 1982.

RR hires television production and editing facilities to advertising agencies, audio visual, film and TV production companies.

Of the total consideration, £500,000 will be used to subscribe for 25 per cent of RR's issued capital, increasing the company's net asset value, based on the 1982 accounts, to about £857,000.

The remaining 1.125m will go to buy a further 50 per cent of the capital. This will be satisfied by the payment of £176,250 in cash, the allotment on completion of 450,000 MAM shares valued at 115p each worth in total £517,500, and the further allotment on certification of the current year's accounts, of up to 375,000 shares at 115p, worth £431,250.

Mr Abrahams will enter into a five-year service agreement. MAM will lend or arrange the lending to RR of up to £1m to finance the move to larger leasehold premises and to buy facilities and equipment needed for further expansion.

Quintette secures its C$950m loan finance

BY KENNETH MARSTON, MINING EDITOR

THE agreement has now been signed by an international banking syndicate for loan facilities of C$950m (£487m) for the C$1.3bn development of the Canadian Quintette coal mining project in British Columbia.

Canada's Denison Mines holds a 50 per cent stake in the big coal venture. The remainder is shared between the French state company, Charbonnages de France and a nine-company Japanese consortium which includes Nippon Steel.

The big open-pit Quintette coking and steam coal mine is due to reach production in October and will have a total output capacity of 6.3m tonnes a year. It has already sold forward all its projected production for the first 15 years.

Leaders of the banking syndicate, which comprises 55 banks from six nations, are Fuji Bank, Bank of Tokyo, Mitsubishi Bank, Bank of Montreal, Canadian Imperial Bank of Commerce and Credit Lyonnais.

The 13-year loan carries a floating interest rate linked to Canada's prime lending rate or the London Interbank Offered Rate (Libor).

Thanks to its oil and gas interests Denison, which is also a major producer of uranium, has been keeping in the black while other natural resource majors have been running into losses. Even so, Denison's profits for the first nine months of last year fell by 37 per cent.

Malaysian producers tin outputs

THE CONTINUING impact on tin production of the export quotas imposed under the sixth International Tin Agreement can be seen in the latest cumulative totals of output from the big Malaysian producers.

The six companies in the enlarged Malaysia Mining Corporation (MMC) group, for example, produced a total of 3,114 tonnes of tin in the six months to December last year, against 4,196 tonnes in the comparable period of 1981.

The total for Berjuntai, which like the MMC group is controlled by Pernas Charter Management, fell to 1,668 tonnes in the first eight months of its financial year ending on April 30, from 2,451 tonnes in the corresponding period of the previous year.

By contrast, figures for the month of December mostly show higher output than in November. This is presumably a consequence of end-quarter adjustments, as the quotas are applied on a quarterly basis.

	Dec tonnes	Nov tonnes	Oct tonnes
Aokam	81	103	85
Ayer Hitam	71	86	119
Berjuntai	167	140	180
MMC	545	484	495
Sungai Besi	61	59	78
Tongkah Harbr.	42	45	25
Tronoh	35	31	42

As the table shows, the MMC group's output is well up at 545 tonnes against 484 tonnes. This is mainly as a result of a sharp increase from the leading company in the group, Malaysia Mining Corporation itself, where production rose to 269 tonnes from 204 tonnes.

The external constraints on production meant that 12 dredges remained closed throughout the month, while a further four were shut down for varying periods.

The smaller Gopeng group of Malaysia tin producers also released output figures yesterday, showing that production in December was barely changed from the previous month.

The total was 192¾ tonnes, compared with November's 193¼.

J. Dennis amends forecast

ALTHOUGH THERE was a "significant improvement" in the trading performance of engineer James H. Dennis in the six months ended September 30 1982 the recovery was slower than expected and the directors have amended their profit forecast for the full year made last July.

First-half losses at the pre-tax level were reduced from last time's restated £304,000 to £82,000 on higher turnover of £2.44m, against £2.08m.

However, based on current results and management information the directors anticipate an overall profit for the year, compared with their forecast of profits in excess of £180,000.

At the operating level the group moved £121,000 back into profit, against a previous loss of £66,000. This was made up as to lower profits by Knowsley Engineering, down from £74,000 to £60,000, but a sharp recovery by the Dennis activities from losses of £140,000 to profits of £61,000.

The group pre-tax deficit was after interest charges of £126,000 (£122,000) and depreciation of £77,000 (£106,000) — last time exceptional debits accounted for £10,000.

Stated loss per 10p share emerged at 3.38p (12.27p) pre-extraordinary items. There is again no interim dividend—the last payment was 1.4p net for the 1980-81 year.

COURSES

London Business School

The London Executive Programme

—an intensive 10-week period of learning and reflection for experienced managers on their way to the top which equips participants with a wide spectrum of in-depth knowledge required in the often difficult conditions found in industry and commerce today. The Programme makes use of case studies, projects and a study visit to Continental Europe.

Areas which will receive extended treatment are: International Business (Professor Ken Simmonds), the World Economy (Professor Jim Ball and Professor Alan Budd), International Financial Management, as well as Information Systems and Marketing.

The average age of the course members is 38. All have reached a turning point in their careers. All are ready to move into senior management.

Course Details: L.E.P. 36: 17 April—24 June, 1983
L.E.P. 37: 2 October—9 December, 1983
Fee: (for L.E.P. 36) £6,300 *(residential)*

For further information on this and other programmes please contact Mimi Kirke-Smith, Marketing Information Officer, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Telephone: 01-262 5050.

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

MARUBENI CORPORATION

Further to our Notice of September 21, 1982, EDR holders are informed that Marubeni Corporation has paid a dividend to holders of record September 30, 1982. The cash dividend payable is Yen 3.00 per Common Stock of Yen 50.00 per share. Pursuant to Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 3 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A. R. of Egypt, Australia, Belgium, Brazil, Canada, Czechoslovakia, Denmark, F. R. of Germany, Finland, France, Hungary, Ireland, Italy, Malaysia, The Netherlands, New Zealand, Norway, Rep. of Korea, Romania, Singapore, Spain, Sweden, Switzerland, United Kingdom, U.S. of America, Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1983.

Amounts payable in respect of current dividends:

Coupon No. 3 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
10,000 shares	US$127.93	US$108.74	US$102.34

Depositary: Citibank N.A., 336 Strand, London WC2R 1HB
Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese
January 13, 1983.

NATIONAL WESTMINSTER BANK PLC
NOTICE TO PREFERENCE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a dividend of 2.45p per share for the half-year ended 31 December, 1982 will be paid on 28 February, 1983 to holders of the Cumulative Preference Shares registered in the books of the Company at the close of business on 27 January, 1983.
E. B. CULLEN, Secretary
41 Lothbury, London EC2
13 January, 1983

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Public Works Loan Board rates

Effective January 12

Years	Quota loans repaid by EIP†	Quota loans A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* A‡	Non-quota loans A* repaid at maturity§
Up to 3	11½	11⅝	11⅝	12⅜	12¼	12¼
Over 3, up to 4	11½	11½	11¾	12⅜	12⅝	12½
Over 4, up to 5	11⅝	11⅝	11⅞	12⅜	12⅝	12½
Over 5, up to 6	11⅝	11¾	12	12⅜	12½	12¾
Over 6, up to 7	11⅞	11¾	12⅛	12⅜	12½	12⅞
Over 7, up to 8	11¾	11⅞	12¼	12½	12¼	12¾
Over 8, up to 9	11⅞	11⅞	12¼	12⅜	12½	12⅞
Over 9, up to 10	11⅞	12	12¼	12⅜	12½	12⅞
Over 10, up to 15	12½	12½	12	12⅝	12⅞	12½
Over 15, up to 25	12¼	12	11⅞	12⅜	12½	12⅜
Over 25	11⅞	11⅞	11⅞	12⅜	12¼	12¼

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

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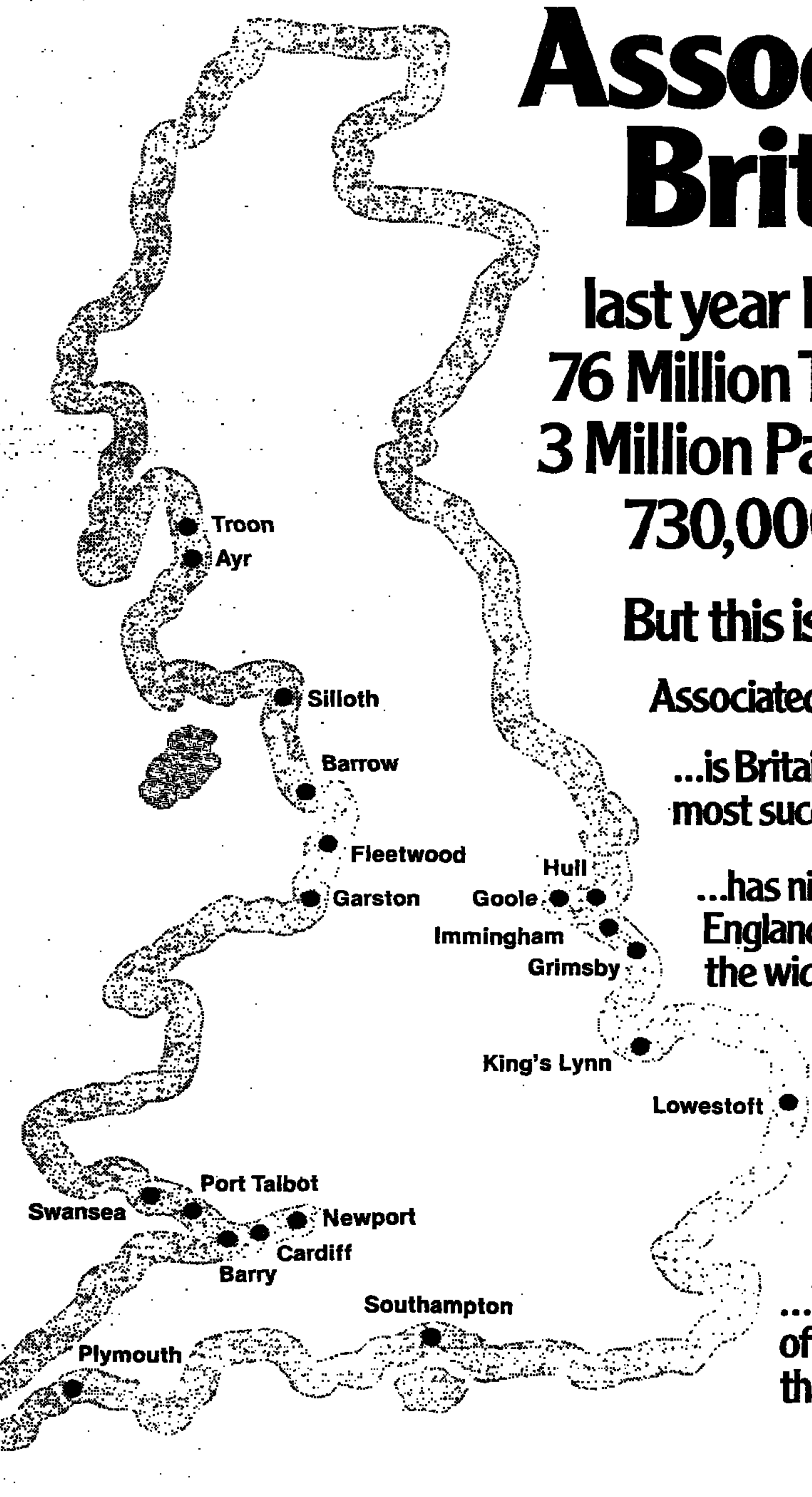

For a brochure on Associated British Ports, formerly British Transport Docks Board, write to the Public Relations Manager, Associated British Ports, Melbury House, Melbury Terrace, London, NW1 6JY or telephone: 01-486 6621. Telex: 23913.

Associated British Ports

Dow retreats from peak

THE DOW JONES Industrial Average surpassed the 1,100 mark for the first time before the market suffered a reversal that left prices mixed.

The average hit 1,100.17 at 14.31 local time – a 16.38-point gain. But selling set in immediately and the average finished the day off 0.18 at 1,083.61.

The rest of the market continued much stronger than the Dow, however. Advancing issues totalled more than 1,100, compared with declines of about 500.

* * *

AT MIDSESSION the average was up 12.05 points at 1,095.84; the New York Stock Exchange all-common Index was ahead $1.10 at a record $85.21, while advances outpaced falls by a five-to-two ratio. Turnover totalled 75.97m shares, similar to the 75.33m recorded at 1 pm on Tuesday.

ATT and IBM were the market leaders, a position they held during the final weeks of 1982. The two issues are often seen as bellwethers for the rest of the market, as IBM is the most popular institutional investment and ATT is the most widely-held stock.

ATT was the volume leader and climbed ⅜ to $65, while active IBM rose 1⅜ to $99⅛. IBM is expected to report higher fourth-quarter earnings this week.

Investors also focused on Technology stocks, with heavily-traded Tandy up 1⅜ to $49⅜, Burroughs 1⅞ to $46⅞, Hewlett-Packard 1½ to $77, Comdisco 3½ to $41½, Commodore 3¾ to $72¾ and Motorola 3½ to $89½.

Transportation stocks showed fresh strength, boosting the Dow Jones Transportation Average by eight points to 479. Among the Rail stocks, Burlington Northern put on $2 to $64½, Norfolk Southern $2 to $57¾ and Southern Pacific 1½ to $40½.

THE AMERICAN SE Market Value Index improved 0.92 to 369.27. Volume 6.66m shares (9.63m).

Canada

Stocks were mixed at mid-session as Golds posted gains but other Resource issues tended easier. The Toronto Composite Index was off 5.5 at 2,082.8 at noon. Metals and Minerals lost 10.0 at 2,077.0 and Oil and Gas 23.8 at 3,062.5, but the Gold shares index rose 46.1 to 4,818.5.

Tokyo

Burdened by growing margin trading debt, which has reached a record level, and a sharp decline by the yen against the U.S. dollar, Tokyo stocks generally lost ground yesterday, taking the market's retreat into a third day. Another dampening factor on sentiment was the overnight easiness on Wall Street.

The Nikkei - Dow Jones Average ended 39.78 lower at 8,039.85, making a three-day setback of 170.17 since last Saturday's all-time closing peak. The Tokyo SE index lost 4.19 more at 588.89, while volume remained constant at the level of each of the prior two sessions at 430m shares.

At the outset of the day, there had been expectations that Blue Chips might stage a rebound, chiefly because of speculation that the U.S. Federal Reserve Board might cut the Official Discount Rate later this week.

The yen's fast retreat during the day dashed these hopes, however. Many foreigners were staying out because of the Japanese currency's fall, traders added.

Video tape recorder and tape producers were sold on gloomy prospects for VTR sales here and abroad. Matsushita Electric fell Y40 to Y1,270 and Fuji Photo lost Y70 more at Y1,760. The latter was down Y100 at one time, which follows a fall of Y70 on Tuesday on worries that the recent rise in the price of silver, used in making photo film, would reduce the company's earnings.

Mitsubishi slipped Y23 to Y540 on a sharp fall in half-year consolidated net income. Other Trading Houses fell in sympathy.

In contrast, Mitsui Mining and Smelting advanced Y73 to Y500. Sumitomo Metal Mining Y60 to Y1,340 and Nippon Light Metal Y23 to Y229. Mitsui's surge was traced to news that it might start exploration in a gold mine in south-western Japan this spring.

Germany

Steady selling pressure from foreign investors, with domestic operators joining the trend at mid-session to reduce positions, drove West German stock prices broadly lower in moderate activity. The Commerzbank index receded 7.8 to 758.8, some 19 points below the 3½-year closing high set a week ago.

Market participants said the favourable liquidity situation in the money market and generally declining credit costs were being offset by uncertainty surrounding the pending March 6 General Elections in West Germany, with the dollar's stronger tone yesterday another discouraging factor.

Internationally-known Blue Chips, normally favoured by foreign investors, took on the session's sharpest declines. Deutsche Bank fell DM 3.90, Daimler-Benz DM 4.50, and Engineerings concern GHH DM 3.50.

Despite hints at an unchanged 1983 dividend, RWE receded DM 2.20 in Utilities.

In Bond trading, interest concentrated on short and middle-term Bonds in the Domestic sector, where prices rose by as much as half a point.

Paris

Prices were mixed to easier in quiet dealings, with declines ahead of rises in the French section by 94 to 70.

Investors were disappointed by the retreat on New York markets overnight in view of the cut in some U.S. banks' prime rates. Concern over spreading labour unrest at Renault contributed to the unsettled tone.

Metals declined after the Steel Producers' Association reported that French crude steel output fell 13.4 per cent last year.

Hong Kong

An easier opening trend, which reflected the overnight setback on Wall Street, was later reversed, leaving Hong Kong markets moderately higher on the day.

Brokers said that profit-taking that began here late on Tuesday continued at the opening yesterday. Growing expectations of another local interest rate cut by banks later in the week led to the turnround. However, brokers noted concern about rumours that the authorities here may cancel plans to build a new airport on Lantau Island.

Australia

Following the sharp rally spanning the past six sessions, shares turned in a narrowly mixed performance yesterday as market paticipants looked for new initiatives to buy.

Brokers said volume remained high, and that they were encouraged by the fact that despite some profit-taking during the day, many stocks were able to hold their ground.

Traders said it was a healthy sign that while the New York and London markets declined under a round of profit-taking, Australian markets were able to hold their recent good rise. If Gold and other metals hold firm and Wall Street rebounds from Tuesday's decline, they added, the Australian shares should show some more big gains before the end of the week.

Profit-taking trimmed some Gold issues, Central Norseman shedding 20 cents to A$9.00, GMK 10 cents to A$10.40 and Peko-Wallsend 6 cents to A$6.40.

Further bargain hunting was noted in the Oil and Gas group. Vamgas added 20 cents at A$7.40 buyer, Bridge Oil 15 cents at A$3.10 and Crusader 5 cents at A$5.00. Woodside, in contrast, eased 3 cents to 85 cents. Traders said this was due to a realisation in the market that Woodside's Northwest Shelf operations would be held up for some time.

LONDON STOCK EXCHANGE

Sterling worries persist despite interest rate rises Gilts slump again and equity index falls 5.9 to 598.4

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 31	Jan 13	Jan 14	Jan 24
Jan. 17	Jan. 27	Jan. 28	Feb. 7
Jan 31	Feb 17	Feb 18	Feb 28

* "New-time" dealings may take place from 9.30 am two business days earlier.

London financial markets were not convinced yesterday that higher interest rates alone would cure sterling's current ills. Operators pondered with some apprehension a prolonged period of exchange rate uncertainty since Government sources have ruled out the possibility of an early General Election. The effects of the pound's steadier tendency yesterday against the dollar and its rally against other leading currencies were therefore lost as London stock markets worried about even dearer money in the near future and thoughts that the trend might well continue.

Government stocks again took the brunt of the fall as the market adjusted to the new rate structure. All signs of Tuesday's late recovery disappeared with quotations opening sharply lower and soon wilting further. Revived selling from domestic and overseas sources was directed more at short-dated Gilts, which sustained fresh net falls ranging to 1½ points before hardening slightly in the after-hours' trade. The longs displayed losses extending to 1¼ and even recently-strong index-linked issues shed part of their previous five-day rise. Measuring the weakness, the FT Government Securities index fell 0.69 more for a two-day slump of 2.56, nearly 3¼ per cent, to 77.29.

Most equities suffered a sharp mark-down at the start as dealers attempted to deter sellers motivated by dearer money. The manoeuvre achieved some measure of success in many sectors, but failed in others. Oils provided a particularly good example of the more resilient equity areas, buyers being prepared to believe that Saudi Arabia would institute a production cutback rather than reduce the Opec reference price of $34 per barrel. Leading Electricals often staged rallies, but Stores and other Retailers, along with Building descriptions, displayed fresh weakness. Illustrating the general tone, the FT Industrial Ordinary share index fell 8.6 more before closing a net 5.9 down at 598.4.

Home Banks improve

Further consideration of Tuesday's rise in base lending rates helped the major clearing banks to rally. NatWest closed 10 up at 462p and Midland 7 dearer at 302p, while Barclays gained 5 to 395p as did Lloyds, to 405p. The trend towards dearer money, however, further unsettled Discount Houses and Hire Purchases. Of the former, Gerrard and National sustained a fall of 10 at 328p and Union one of 15 to 535p, while in the latter sector, Provident Financial and Wagon Finance eased 3 apiece to 122p and 43p respectively.

Life Assurances encountered renewed selling on continuing fears of a commission price war and, despite a late technical rally, falls still stretched to 12. Sun Life fell that much to 410p and Pearl relinquished 10 more to 498p, after 493p. Refuge also lost 10, to 282p while London and Manchester declined 8 to 280p and Prudential 7 to 321p, after 318p. Hambro Life recovered from 538p to finish at the overnight level of 545p. Sun Alliance, 20 down at 940p, led the retreat of Composite Insurances, while General Accident gave up 8 to 376p. Elsewhere, Hogg Robinson eased 3 to 97p on further consideration of the half-year results.

Breweries again displayed modest falls throughout the list. Bass fell 5 to 287p, while Whitbread, 147p, and Grand Metropolitan, 325p, gave up 4 and 3 respectively. Greene King closed 8 lower at 238p awaiting today's interim figures.

Dearer money worries continued to depress Buildings. Barratt Developments again led the decline, losing 28 for a two-day drop of 46 to 438p, while Tarmac gave up 16 to 414p and BPB Industries 20 to 512p. Blue Circle shed 10 to 432p, Ready Mixed Concrete 7 to 356p and Rugby Portland Cement 5 to 109p. Among Timber issues, Magnet and Southerns' interim profits fell short of expectations and the shares dipped to 168p in one quarter before closing a net 14 down at 180p. Travis and Arnold also reacted 14, to 284p, while Meyer International shed 3 to 110p and speculative counter John Carr (Doncaster) relinquished 10 to 146p. Elsewhere, SGB lost 10 to 234p; the preliminary results are due next Monday.

ICI escaped the general malaise after comment on the favourable effects of sterling's depreciation against the D-mark; the shares, after opening at 346p, picked up to close unchanged on the overnight 350p. The Board's gloomy statement about the full-year outcome unsettled recently-firm Allied Colloids which dropped 46 to 290p.

Stores react afresh

Widespread and often substantial falls were again the order of the day among Stores, which continued to react to fears of reduced consumer spending following Tuesday's upturn in credit terms. Actual selling pressure was light, however, and the late appearance of a few "cheap" buyers lifted most a shade off the day's worst. Gussies "A," 560p, and Burton, 311p, gave up around 13 apiece, while W. H. Smith "A" closed 10 down for a two-day fall of 30 at 238p.

Discount retailers again closed with the heavier losses, with Comet 22 down at 245p. Currys fell 10 to 314p, after 312p, while Dixons, down to 218p earlier, partially rallied to finish a net 12 off at 223p. Harris Queensway, 296p, and MFI, 132p, declined 20 and 8 respectively.

A strong performer of late on consideration of the profits potential of the company's new long-life starter for fluorescent lamps, Arlen highlighted Electricals once more yesterday, jumping 22 to 145p with the new nil-paid shares closing 25 up at 119p on revived speculative buying fuelled by vague suggestions of a bid from Thorn EMI. The trend elsewhere in the sector was decidedly dull. Ahead of tomorrow's interim announcement, Thorn EMI closed 10 off at 420p, while BICC gave up 8 at 250p, after 247p. Plessey moved between extremes of 620p and 610p before closing unaltered at 615p. Awaiting today's preliminary results, Muirhead fell 10 to 174p, after 170p, while losses of around 20 were seen in AB Electronic, 500p, A. and G. Securities, 265p, Security Tag Systems, 390p, and United Scientific, 360p. Amstrad lost 15 to 310p and MK dropped the same amount to 313p.

Hopes that the company will benefit from the slide in sterling encouraged occasional support for GKN, which moved against the trend to close with a gain of 4 at 128p. Vickers hardened 1 to 97p. Elsewhere in the Engineering leaders, Hawker held steady at 340p, but TI drifted off to close 4 lower at 132p. Anderson Strathclyde rallied to finish 7 higher at 166p; the company announced yesterday that it had obtained leave to challenge in the High Court the Trade Minister's decision to allow a take-over bid by Charter Consolidated. Other bright spots included GM Firth, 195p, up 5 in sympathy with the rise in Arlen Electrical, and Habit Precision, 3 dearer at 41p on revived demand.

Food Retailers remained under pressure. Associated Dairies shed 6 for a two-day fall of 12 to 146p, while J. Sainsbury gave up 5 to 388p and Tesco 3 to 116p. Kwik Save dipped to 308p before closing a net 7 down at 313p, while Bejam lost 4 more to 142p. Elsewhere, S. & W. Berisford closed 3 cheaper on balance at 190p, after 187p; the preliminary results are due next Monday. Rowntree Mackintosh came on offer and declined 8 to 202p.

Ladbroke encountered fresh selling and shed 6 for a two-day fall of 13 to 160p. Comment on the proposed £8m rights issue clipped a penny more from Stakis, to 65p.

Hoover rise

Of the very few firm spots in miscellaneous industrials, Hoover A featured with a Press-inspired rise of 5 at 110p. Demand ahead of today's interim figures helped AIM to put on 4 to 86p, while Mettoy issues found late support, the Ordinary and Deferred closing 3 higher at 18p and 16p respectively. Associated Sprayers had improved 2 to 31p before dealings were suspended around 3.15 pm at the company's request pending an announcement. Still depressed by the £3.06m annual deficit reported on Monday, Sothebys dropped 22 for a two-day decline of 42 at 423p, while profit-taking clipped 12 from Hanson Trust, 265p, and 17 from Wolseley-Hughes, 560p. London and Liverpool Trust were fairly active and closed 5 cheaper at 330p while Cole lost 8 to 154p. Unilever, at 818p, lost 12 of the previous day's rise of 15p and BTR gave up 8 to 378p among the quietly dull leaders. Rank Organisation eased a few pence to 112p: the results are scheduled for January 25.

Properties succumbed to early selling on interest rate considerations, but the leaders closed a shade above the worst on the appearance of cheap buyers. Land Securities closed 4 down on balance at 278p. Elsewhere, Stock Conversion, 288p, and Haslemere Estates, 376p, shed 8 apiece. Speculative favourite Stewart Nairn reacted to 71p before rallying to close 2½ dearer on balance at 76½p.

Oils inclined harder

Early sentiment in the Oils sector was unsettled by talk that Saudi Arabia had agreed with its U.S. partners in Aramco to cut the $34 a barrel benchmark. A subsequent statement by industry sources in Bahrain discounting the rumours saw quotations rally from slightly lower opening levels to close a shade harder on balance. BP settled 4 dearer at 302p and Shell a like amount higher at 442p. Outside of the leaders, Burmah encountered revived speculative demand and closed 3 firmer at 138p, after 139p. Still reflecting hopes about the Horndean drilling prospects, Carless Capel gained 8 further to 138p and Marinex closed 2 higher at 52p after extremes of 55p and 48p.

Overseas Traders were mixed. Inchcape, buoyed by the relative strength of Far-Eastern currencies, rose 10 to 298p, while Harrisons and Crosfield rose 25 to 812p, after 650p. In contrast, Tozer Kemsley and Millbourn, a weak market of late following a series of boardroom altercations, encountered renewed selling and fell 4 more to 22p. Thomas Borthwick eased a couple of pence to 16p.

Trusts again followed the easier trend in equities, but falls were relatively modest when compared with the recent sharp upward flurry. Crescent Japan came back 6 more to 436p, while Capital issues to give ground included Altifund, 8 lower at 230p, and New Throgmorton, 10 down at 264p.

Golds retreat

A much calmer day in the foreign exchange and bullion markets led to the almost inevitable wave of profit-taking in South African Golds as well as in other leading mining issues.

The gold sharemarket opened on a strong note, boosted by the initial firmness of bullion, with renewed Johannesburg buying pushing the leaders ahead by as much as a full point. However, a downturn in gold, which was finally quoted at an unchanged $481.5 an ounce, encouraged sizeable profit-taking which saw share prices fall heavily until bear closing prompted a marginal rally at the close.

The Gold Mines index relinquished 23 points to 634, after having surged over 100 points in the previous five trading days.

The heaviest losses were recorded by the leading heavyweights, especially Randfontein, down £3½ at £87½, and Hartebeest, which dropped £2¾ to £47½. Falls of £1½ apiece were seen in Buffels, £35½, and Southvaal, £40.

Heavy profit-taking also unsettled South African Financials although falls in this sector were on a smaller scale than in Golds. One or two firm spots persisted, such as "Johnnies," which hardened a further ½ to a peak of £62 and Rand Mines Properties, 30 firmer at a 1982/83 high of 480p.

UK Financials were hard-hit by the downturn in UK equities as well as lower precious and base-metal prices. RTZ retreated 13 to 512p, with the 9½ per cent Convertible losing £5 to £115. Gold Fields reacted 10 to 528p, and Charter 5 to 253p.

Platinums mirrored the pattern in Golds. Quoted at 440p around midday, Rustenburg were finally 35 down on balance at 450p, while Impala closed a net 10 cheaper at 650p, after 640p. Leading Australian mines faltered after the recent heady gains, but the speculatives continued to attract good support.

In the former, MIM Holdings lost 10 to 256p and Western Mining 6 to 246p. Mount Carrington ended a penny harder at 39p ex the rights issue, while Cultus Pacific moved up 1½ to 14½ and York Resources put on 3 to 15p.

Demand for Traded Options continued to improve and 3,485 contracts were done with dealers reporting a particularly buoyant trade in puts which attracted 1,097 contracts—the highest total since late October. Marks and Spencer recorded 160 puts with the January 220's rising 5 to 16p. Call activity was centred around Lonrho and RTZ, which attracted 331 and 319 trades respectively, and Grand Metropolitan, which recorded 361 calls with 224 struck in the January 330's.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 10	Jan 21	April 21	May 3
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31

For rate indications see end of Share Information Service

Stocks favoured for the call included Commercial Union, Hawkins and Tipson, Turner and Newall, Immediate Business Systems, Burmah, George Wimpey, Saga, GEC, Marks and Spencer, ICI, Grand Metropolitan, Phoenix Timber, BP, Charterhall, Hanson Trust, London and Liverpool, Streeters, Smith St. Aubyn, Rank Organisation, Arlen Electrical and Weir. A put was done in Nimslo, and a double in ICL.

FINANCIAL TIMES STOCK INDICES

	Jan. 12	Jan. 11	Jan. 10	Jan. 7	Jan. 6	Jan. 5	A year ago
Government Secs.	77.29	77.98	79.85	80.11	80.46	81.32	61.92
Fixed Interest	80.30	80.85	81.83	81.83	81.91	82.26	62.80
Industrial Ord.	598.4	604.3	613.7	621.0	615.1	612.7	524.6
Gold Mines	634.0	654.0	619.5	589.8	587.3	569.6	284.5
Ord. Div. Yield	5.00	4.96	4.88	4.81	4.85	4.89	5.72
Earnings, Yld.% (full)	10.77	10.68	10.52	10.37	10.44	10.53	10.05
P/E Ratio (net) (*)	11.14	11.24	11.40	11.58	11.49	11.40	12.71
Total bargains.	25,475	25,217	18,100	24,042	21,747	21,006	13,246
Equity turnover £m.	—	234.64	217.94	252.16	314.26	183.35	107.5
Equity bargains	—	23,176	241,63	21,690	21,164	19,154	12,501
Shares traded (ml)	—	144.8	138.2	167.0	108.6	131.8	82.6

10 am 596.9. 11 am 598.4. Noon 596.2. 1 pm 596.1.
2 pm 595.7. 3 pm 598.5.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil=10.35.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.94 (5/11)	61.89 (5/1/82)	127.4 (9/1/85)	49.18 (6/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	637.4 (12/11)	518.1 (5/1/82)	637.4 (12/11/82)	49.4 (26/6/40)
Gold Mines	654.0 (11/1/83)	181.2 (22/6)	654.0 (11/1/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 11	Jan. 10
—Daily		
Gilt Edged Bargains	270.3	227.5
Equities Bargains	150.2	156.6
Value	474.1	440.5
5-day Avrge		
Gilt-Edged Bargains	216.9	191.0
Equities Bargains	141.7	150.6
Value	486.0	438.2

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Wed Jan 12 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues Jan 11 Index No.	Mon Jan 10 Index No.	Fri Jan 7 Index No.	Thur Jan 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	424.64	−1.3	9.41	4.05	13.23	430.08	440.00	444.90	438.47	353.44
2	Building Materials (24)	404.52	−2.9	10.40	4.65	11.57	416.60	426.30	426.76	419.68	299.58
3	Contracting, Construction (30)	717.95	−3.3	12.27	4.60	9.71	742.44	756.09	756.82	748.87	542.12
4	Electricals (32)	1651.26	−0.4	7.23	2.09	17.73	1657.92	1708.10	1754.85	1721.70	1224.99
5	Engineering, Contractors (10)	413.85	−2.2	17.14	7.52	7.15	423.03	435.42	439.14	434.06	383.40
6	Mechanical Engineering (66)	193.61	−0.9	12.47	6.12	9.81	195.33	198.11	197.45	196.51	190.03
8	Metals and Metal Forming (11)	157.42	−0.8	13.75	7.90	8.73	158.77	163.20	158.52	156.19	162.11
9	Motors (18)	78.45	−1.4	1.09	8.11	—	79.54	79.09	79.22	78.50	95.43
10	Other Industrial Materials (17)	365.08	−1.5	9.60	5.84	12.98	369.71	371.65	372.60	369.09	371.69
21	CONSUMER GROUP (201)	395.44	−1.6	10.54	4.46	11.49	401.74	411.03	414.60	414.05	269.19
22	Brewers and Distillers (25)	438.48	−1.3	11.51	4.87	10.61	444.15	453.40	455.95	458.00	262.87
25	Food Manufacturing (21)	327.45	−1.4	13.72	5.55	8.54	332.25	334.21	336.50	333.03	268.94
26	Food Retailing (14)	837.36	−2.2	7.47	2.82	16.79	856.54	878.73	893.33	880.82	554.72
27	Health and Household Products (8)	686.09	−0.5	5.75	2.66	20.64	689.34	694.22	708.16	708.21	351.61
29	Leisure (24)	451.80	−1.7	9.38	5.13	13.57	459.83	471.75	477.01	474.16	409.85
32	Newspapers, Publishing (13)	651.24	−0.9	9.73	4.98	12.96	657.20	654.53	653.34	633.70	473.00
33	Packaging and Paper (14)	145.91	−1.0	15.01	7.68	7.88	147.46	150.46	150.63	144.00	132.47
34	Stores (47)	352.22	−2.5	8.62	3.89	15.31	361.31	378.45	384.99	385.31	343.54
35	Textiles (23)	177.42	−1.0	13.40	6.84	9.04	179.23	180.43	180.12	178.32	155.18
36	Tobaccos (3)	447.20	−1.3	19.62	6.19	5.63	453.01	463.10	477.62	462.13	257.49
39	Other Consumer (11)	341.62	−1.4	2.47	4.07	—	346.32	351.03	349.54	344.49	255.77
41	OTHER GROUPS (77)	288.55	−1.4	11.90	5.77	10.12	292.65	296.27	297.36	296.78	234.92
42	Chemicals (15)	379.93	−1.1	12.69	6.37	9.41	384.00	388.27	391.71	392.72	312.51
44	Office Equipment (5)	83.54	−2.1	16.40	8.84	7.49	85.31	87.35	89.03	88.73	119.42
45	Shipping and Transport (13)	532.25	−1.0	16.28	7.99	7.32	537.76	544.66	537.33	530.13	537.99
46	Miscellaneous (44)	409.35	−1.7	9.76	4.42	12.48	416.30	421.55	422.04	420.54	290.31
49	INDUSTRIAL GROUP (486)	391.26	−1.4	10.32	4.40	11.83	396.99	405.63	410.34	406.82	293.26
51	Oils (14)	727.25	+1.0	17.39	7.95	6.78	720.41	722.46	732.51	724.04	699.55
59	500 SHARE INDEX	419.14	−1.1	11.36	4.99	10.66	423.79	431.85	437.01	433.13	326.27
61	FINANCIAL GROUP (121)	269.62	−0.6	—	6.54	—	271.25	274.67	274.46	273.02	246.42
62	Banks (6)	278.52	+1.5	36.20	8.66	3.82	274.28	277.25	275.56	276.25	273.77
63	Discount Houses (8)	274.44	−1.1	—	8.63	—	277.59	280.01	293.02	294.37	212.85
65	Insurance (Life) (9)	332.67	−1.8	—	5.75	—	338.81	344.08	350.43	356.56	245.08
66	Insurance (Composite) (10)	183.62	−0.7	—	7.75	—	184.96	187.49	187.04	183.63	151.20
67	Insurance Brokers (7)	523.38	−1.0	12.20	5.21	11.31	528.49	531.62	530.18	517.11	410.59
68	Merchant Banks (13)	156.14	−0.3	—	5.53	—	156.59	158.28	156.55	156.25	148.54
69	Property (54)	410.37	−1.8	6.28	4.34	21.84	418.08	426.20	424.29	419.78	437.40
70	Other Financial (14)	189.95	−0.4	14.69	6.12	8.08	190.67	191.73	188.80	187.87	175.57
71	Investment Trusts (109)	381.88	−1.1	—	4.40	—	386.22	389.58	390.19	389.91	285.15
81	Mining Finance (4)	261.96	−2.2	7.04	5.43	17.09	267.85	263.53	262.04	247.89	221.63
91	Overseas Traders (16)	429.82	+0.9	11.62	8.42	11.37	425.86	417.28	406.76	398.45	482.77
99	ALL-SHARE INDEX (750)	383.41	−1.0	—	5.25	—	387.37	393.64	396.42	392.24	307.45

FIXED INTEREST

	PRICE INDICES	Wed Jan 12	Day's change %	Tues Jan 11	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	115.61	−0.69	116.42	—	0.00
2	5-15 years	123.82	−0.79	124.81	—	0.00
3	Over 15 years	129.19	−0.90	130.36	—	0.00
4	Irredeemables	135.48	−0.99	136.84	—	0.00
5	All Stocks	122.83	−0.80	123.80	—	0.00
6	Debentures and Loans	99.45	−1.00	100.46	—	0.00
7	Preference	75.18	−0.17	75.31	—	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jan 12	Tues Jan 11	Year ago (approx.)
	British Government				
1	Low	5 years	9.36	9.23	13.20
2	Coupons	15 years	10.73	10.61	14.15
3		25 years	11.06	10.95	14.10
4	Medium	5 years	12.36	11.88	16.30
5	Coupons	15 years	11.98	11.85	15.99
6		25 years	11.46	11.33	15.37
7	High	5 years	12.29	11.97	16.14
8	Coupons	15 years	12.14	12.02	16.17
9		25 years	11.61	11.50	15.67
10	Irredeemables†		10.88	10.77	13.57
11	Debs & Loans	5 years	12.77	12.60	17.06
12		15 years	12.68	12.52	16.84
13		25 years	12.68	12.52	16.70
14	Preference†		13.21	13.19	16.13

‡Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982/83

NEW HIGHS (64)

FOREIGN BONDS (1)
Japan 4pc '10 Ass.

AMERICANS (6)
CPC; Rockwell; Inslico; Tenneco 10pc Ln.; Manf. Hanover; Union Carbide

CANADIANS (1)
Hudsons Bay

BANKS (2)
Nat. Comm. Aus.; Cie. Bancaire

CHEMICALS (1)
Akzo

STORES (1)
Northern Goldsmiths

ELECTRICALS (1)
Arlen Elec.

INDUSTRIALS (7)
Assoc. Sprayers; Hawkins & Tipson; Artwoods; Midland Marts; Borg-Warner; Utd. Parcels; Electrolux B

INSURANCES (2)
Ennia UK 9pc Cnv.; Liberty Life

MOTORS (2)
Gen. Motors Units; Bramall (C. D.)

PROPERTY (1)
Wereldhave

SOUTH AFRICANS (1)
S.A. Breweries

TEXTILES (1)
Miller (F.)

TRUSTS (17)
Aberdeen Trust; Mid. Wynd. Inv.; Alliance Inv.; Northern Secs.; Atlanta Baltimore; Precious Metals; Child Health; Sec. Alliance Trust; Eng. Nat. Inv. Defd.; Stockholders Far East; General Funds; TR Australia Trust; Inv. in Success; West Coast & Texas; Lowland Inv.; Wemyss; M. & G. Dual Inc.

OIL & GAS (2)
Branon; Tri Basin

PLANTATIONS (3)
Cons. Plants.; Kuala Kepong; Harrisons Mlv. Ests.

MINES (15)
Simmer & Jack; Jo'burg Cons.; West Rand; New Wits.; Grootvlei; Rand Min. Props.; Kinross; Anglo-Am. Inv.; Marievale; Gold Min. Kalgoorlie; S.A. Land; Keywest Ex.; Vlakfontein; Cons. Murchison; Wit. Nigel

NEW LOWS (29)

BRITISH FUNDS (3)
Treas. 8½pc Cnv. 1985 (£50 pd.); Exchqr. 10½pc 1987; Exchqr. 10½pc 1988

INTERNATIONAL BANKS (1)
Int.-Am. Dev. Bk. 12½pc 2003

LOANS (4)
Nationwide 11¼pc 30.8.83; Nationwide 9½pc 31.10.83; Do. 11¼pc 3.10.83; Do. 9½pc 28.11/83

BUILDINGS (2)
Crouch (D.); Whittingham

CHEMICALS (1)
[illegible]

STORES (2)
Fine Art Devs.; Sumrie

ELECTRICALS (1)
BICC

FOODS (1)
Alpine Soft Drinks

INDUSTRIALS (8)
Bodycote Int.; Office & Electronic; Francis Inds.; Sale Tilney; Magnolia Group; Spring Grove; Marshall's Univ.; Sytone

LEISURE (2)
Leisure Inds.; Photax (London)

PROPERTY (1)
Kent (M. P.)

SHIPPING (1)
Runciman (W.)

TEXTILES (1)
Dixon (David)

OIL & GAS (1)
Imp. Cont. Gas 8pc Cov. 1995-2000

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	95	2
Corpns. Dom. and Foreign Bonds	3	39	37
Industrials	84	545	693
Fin. and Props.	50	255	210
Oils	28	28	57
Plantations	3	3	17
Mines	25	65	58
Others	15	102	59
Totals	208	1,129	1,133

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
**	F.P.	—	263	250	AMEC (50p)	253	−5	g9.0	—	5.1	—
§108	F.P.	13.1	188	140	✣Baltic Leasing 5p	182	+7	b2.8	3.5	2.2	14.4
§75	F.P.	10.1	147	115	✣Bespak 10p	142	−3	b2.5	3.3	2.5	15.1
‖	F.P.	—	16	12	✣Booth (Charles) 5p	15		—	—	—	—
§100	F.P.	22.4	102	100	Br. Kidney Pat. As.	102		—	—	—	—
¶215	100p	22.4	84	60	Britoil 10p	64		b9.9	1.8	7.9	9.9
§74	F.P.	31.1	132	103	✣Canvermoor	128	−2	b3.64	2.0	4.1	14.5
80	F.P.	12/11	102	65	✣Ciro 10p	103		eu3.92	1.9	5.4	13.4
25	F.P.	—	40	27	✣First Talisman Inv 20	30		b0.6	2.0	2.9	25.8
§150	F.P.	26/11	250	215	✣Fitch&Co. 10p	240		b4.2	1.9	2.5	30.0
55	F.P.	7/1	133	98	✣GarfunkelsRest. 10p	111	−1	b1.86	3.2	2.4	14.5
§52	F.P.	7/1	84	66	✣Indust'l Fin & Inv Cp	80		u2.0	2.5	3.6	12.9
:17	F.P.	21.1	35	24	✣Inn Leisure 5p	34		ud.42	3.7	1.8	17.0
§130	F.P.	14/1	180	156	✣Memory Comp Ir 10p	160	−5	bQ28.61	5.6	1.5	17.4
§120	F.P.	30.12	235	195	✣Micro Bus. Sys. 10p	225		b2.25	3.4	1.4	22.3
§ 155	F.P.	7/1	255	200	✣Munford & White	225		b2.6	2.4	1.7	35.6
‖	F.P.	—	177	149	✣NMW Computers	173		g5.0	2.8	2.5	19.5
§93	F.P.	4/2	198	145	✣Resource Tech. 10p	160	−8	—	—	—	20.8
826	F.P.	14/1	217	143	S.T.C (New)	198		b6.0	1.9	4.3	16.3
§62½	F.P.	21/12	150	103	✣SlatersFoodPrds 10p	140	−7	b2.0	3.6	2.0	14.8
§120	F.P.	—	125	112	✣Swindon Priv Hos £1	112		—	—	—	—
§§210	F.P.	17/12	305	275	SystemsDesign'rs 10p	293	−2	b2.2	3.5	1.1	37.6
£355	F.P.	3/12	£375	£340	✣Technofan SA Fr100	£340		uFr150	2.0	5.3	15.1
§10½	F.P.	—	30½	16	✣Tops Estates 10p	30½		—	—	—	—
**	F.P.	18/2	195	175	Transcont. Serv. 50c.	175	−5	HQ9.67	—	5.5	—
§80	F.P.	—	87	55	††Voyager Pet. (UK)	55		—	—	—	—
£0.84	F.P.	12.11	69	68	✣Woodchester Invs.	70		bQ3.16	4.1	4.5	5.8

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price £	+ or −
**	F.P.	—	108	102	AMEC 15% Uns. Ln. 1992	104½	−½
97.504	£25	4.3	29½	19	BOC 12½% Uns. Ln. 2012 17.	19	−¾
99.431	£20	10.4	21¾	13	Birmingham 11½% Red. 2012.	13¼	+¼
96.574	£25	29.4	26¼	23½	Bishopsgate Tst. 7-17% Stpd Deb 2023	23½	−1
100	£10	24.12	11	9½	Cambridge Water Works 7% Red Prf '89	9½	
**	F.P.	4.2	94	88	Espley-Tyas 11¼% Conv. Uns. Ln. 1988	88	
97.91	£30	—	32	18¼	European Inv. Bk. 11¼% Ln. 2002.	18¼	−¼
**	F.P.	—	36p	30p	Jessel Toynbee 3.75% Red Cum. Pref.	36p	
**	F.P.	—	42	42	Keep Inv.Tst. 4.9% Net.Red.Cum.Pref.	42¼	
99.799	£25	31.5	25½	22	London Shop 12.5% 1st Mt. Deb. 2015 20	25	−½
99.13	£25	31.5	24½	20¼	NatWest 12½% Sub. ord Uns Ln.2004.	20¼	−1½
—	—	—	100¼	99½	Nationwide Bg.Soc.11¼% Bds.(19 12 83)	99½	−¾
§99.799	£30	25.2	30¾	27½	Scottish Eastern Inv. Tst 12% Deb. 2012	27½	−1½
‖100	F.P.	25.4	124	107	Tesco 9% Cnv. Uns. Ln. 2002 07.	112	−1
**	F.P.	18.2	90	85	Transcont. 9% Cnv.Rot.Uns.Ln.Nts.1995	88	−2

"RIGHTS" OFFERS

Issue price	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
26	Nil	—	—	119pm	94pm	Arlen Elec.	119pm	+19
90	Nil	—	—	24pm	18pm	Bellway	18pm	−4
60	Nil	14/1	11/2	10½pm	5pm	ICL	5½pm	−½
117	F.P.	31/12	31/1	152	136½	Park Place Inv	152	
470	F.P.	11/1	11/2	590	523	Wolseley Hughes	585	

Renunciation date usually last day for dealing free of stamp duty. Fr French Francs. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. z Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ◆ Merger bid or reorganisation in progress.

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of change	Tues. close	Day's change
BAT Inds	18	644	−16
Racal Elec	18	542	−20
Wolseley Hughes 'New'	18	585	−5
Wilkes (J.)	17	248	−17
Boots	15	228	−11
Cns Gold Flds	15	538	+16
Leslie	15	294	+8
Lon & Liver	15	335	−10
RTZ	15	525	+3
Jhnsn Matthey	13	328	−9
Sothebys	13	445	−25
Unilever	13	830	+15
Beecham	12	340	−5
GEC	12	205	−7

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change
Allied Colloids	290	−46
Arlen Elec	145	+22
Barratt Devs	438	−28
Boots	225	−3
Burmah Oil	138	+3
Burton	311	−12
Harris Queensway	296	−20
London & Liverpool	330	−5
MFI	132	−8
Magnet & Southerns	180	−14
Randfontein	£87½	−3½
Rustenburg	450	−35

The Royal Bank of Scotland

Base Rate

The Royal Bank of Scotland plc announces that with effect from close of business on 12 January 1983 its Base Rate for lending is being increased from 10 per cent per annum to 11 per cent per annum.

Barclays Bank Interest Rates.

BASE RATE

Barclays Bank PLC and Barclays Bank International Limited announce that with effect from the close of business on 12th January 1983, their Base Rate was increased from 10% to 11% per annum. This new rate also applies to **Barclays Bank Trust Company Limited.**

RATES FOR SAVERS

Bonus Savings and Payplan Accounts. Interest paid was increased from 9½% to 10½% per annum.

Ordinary Deposit Accounts. Interest paid was increased from 6½% to 8% per annum.

BARCLAYS

Reg. Office: 54 Lombard St., EC3P 3AH. Reg. No's 48839, 920880 and 1026167.

Grindlays Bank p.l.c.

Interest Rates

Grindlays Bank p.l.c. announces that its base rate for lending will change from 10% to 11% with effect from 13th January 1983

The interest rates paid on call deposits will be:- call deposits of £1,000 and over 8% (call deposits of £300—£999 7%)

Rates of interest on fixed deposits of over £5,000 will be quoted on request. Enquiries: Please telephone 01-930 4611

Grindlays Bank plc.

Head Office: 23 Fenchurch Street, London EC3P 3ED

Base Rate

BANK OF CREDIT AND COMMERCE INTERNATIONAL SOCIETE ANONYME LICENSED DEPOSIT TAKER

announces that from 12th January 1983 its base rate is changed

from 10¼% to 11% p.a.

100 Leadenhall Street London EC3A 3AD

Clydesdale Bank

BASE RATE

Clydesdale Bank PLC announces that with effect from 13th January 1983 its Base Rate for lending is being increased from 10% to 11% per annum

Midland Bank Interest Rates

Effective from 12th January 1983.

Base Rate

Increases by 3/4% to 11% per annum.

Deposit Accounts

Interest paid on 7 day deposit accounts increases by 1% to 8%p.a.

Abatement Allowance

On ledger credit balances of current accounts which are subject to the standard personal current account tariff and do not qualify for free terms increases by 1% to 4%p.a.

Monthly Income Deposit Account Service (MIDAS)

Interest paid will be increased by 1% to 10%p.a. with effect from 10th February 1983.

Midland Bank

Midland Bank plc

International Capital Markets

Every Monday the Financial Times publishes a review of the previous week's activity in the international bond markets.

This synopsis of the Euromarkets together with a comprehensive tabular list of current international bond issues offers the reader a thorough weekly study of one of the most important financial mechanisms in the world today.

In addition the Financial Times publishes a monthly summary of Quotations and Yields from the Association of International Bond Dealers.

International Property and Building Review

Every Friday, the Financial Times publishes a detailed review of the activities in the UK and international property markets.

Similarly every Monday Financial Times journalists turn their attention to the building and civil engineering fields with particular focus on recently-awarded British and international contracts, general industry news and feature articles on major developments in these important economic sectors.

BUSINESS LAW

Let the drinks flow freely

BY A. H. HERMANN, Legal Correspondent

FAR BE IT from me to stir up national rivalries by saying that, as far as drink is concerned, some member nations are more broadminded than others. However, one cannot close one's eyes to the considerable difference in this respect between the inhabitants of the countries separated by the English Channel.

While an Englishman will think nothing of starting with a Scotch, continuing with a Pils or even foreign wine with his meal, finishing off with a French brandy, no such broad view of the possibilities of alcoholic poisons offered by this world will be taken by the archetypal Frenchman. A French aperitif, followed by French wine with the meal, and a post-prandial French brandy to aid digestion, is the rule.

One suspects that this French self-denial is unnatural and, indeed, a little research reveals that the French are protected from temptation by ingenious legislation, known as the Code on the Sale of Beverages and Measures against Alcoholism*. The Code prohibits the advertising of spirits distilled from grain, such as whisky and gin, but allows the promotion of rum and brandies distilled from wine and fruit which, according to the French authorities, are better for your health. Furthermore, natural, sweet wines of French origin may be freely publicised while the same type of imported wines are subject to restrictions.

The European Court held on July 10 1980† that the discrimination in advertising between domestic and foreign wines and spirits was an indirect restriction of imports from other member states, and, as such, prohibited by Article 30 of the EEC Treaty.

Following this judgment, France was expected to amend its legislation. It did not. On the contrary, prosecutions of importers, journalists and publishers for engaging in prohibited publicity of foreign drinks continued. No fewer than four separate criminal prosecutions in which 30 persons are accused are at present pending before the Tribunal de Grande Instance of Paris.

The accused submitted in their defence that the promotion of whisky, port and a particular French aperitif should no longer be regarded as an offence because the European Court had ruled that the relevant provisions of the Code were incompatible with the EEC Treaty. Moreover, they argued that the judgment had a "global effect" and condemned the entire French Code. For this reason, French national products and products imported from non-member states, like Portugal, should also benefit from the judgment in the same way as the products of member states.

The French court referred the four prosecutions to Luxembourg, asking the European Court to determine the impact which its judgment of July 10, 1980, should have on the French national legal system. The court answered the questions at the end of 1982‡, ruling that the judgment was binding both on the French legislature and on the French courts.

"The authorities participating in the exercise of legislative power are obliged to amend the offending provisions," said the court, and "French judges, in exercising their jurisdiction, are obliged to ensure that the judgment (of the European Court) is respected." But the court was careful to stress that any individual rights—for example, to advertise freely imported beverages—did not derive from its judgment but from provisions of Community law which had a direct effect in the member states. The prohibition of quantitative restrictions on trade and of all equivalent measures contained in Article 30 of the EEC Treaty had such a direct effect.

The court was also careful to emphasise that its judgment protected only the freedom of trade guaranteed in the EEC Treaty and no more. It benefited only products imported from other member states and applied neither to Portuguese products nor to French domestic products. It did not abolish the French Code in its entirety, but only those effects which discriminated against products of other member states.

National judges should stop prosecution of business offences which legislators have failed to remove from the statute, contrary to EEC law.

* * *

This has not been the only occasion recently for the court to tell a national judge to verify whether his country has satisfied its EEC obligations and, if not, to draw suitable consequences in respect of criminal proceedings before him. This was the case in a ruling made on November 30, 1982, concerning the EEC regulation of tariffs for road transport between members states. Regulation 1174/68 institutes a system of tariff bands providing that member states should agree bilaterally upper and lower limits of freight rates, keeping the lower limit 23 per cent below the upper limit.

The manifest aim of the system was to avoid, by means of the upper limit, an abusive exploitation of any dominant position and, by the lower limit, ruinous competition. Member states might unilaterally increase the price limits as expressed in their currency to compensate for fluctuations of the rate of exchange but any lowering of these limits had to be agreed between them, and the EEC Commission might be called upon to arbitrate in cases of disagreement.

These provisions had a curious effect on transport between Belgium and France. The two countries fixed the limits in 1971. Subsequent devaluation of the French franc meant that the lower limit for French transport companies invoicing in French francs was well below the lower limit for Belgian companies invoicing in Belgian francs. The regulation led to unfair competition since the French could undercut the Belgians.

The Belgian companies could, of course, have cut their price to the level of the French, had they been allowed to invoice in French francs, but they were told they must not. To remain in the market, several Belgian companies invoiced transport below the lower limit in Belgian francs. They were brought before a police tribunal, fined and told that they must observe the lower limit of tariffs as expressed in Belgian francs.

When this case§ reached the European Court, it held that member states had an inherent obligation to adjust the tariff bands to fluctuations in the rate of exchange, though they had a certain discretion in deciding when an adjustment was necessary. By introducing a margin of discretion the court has, for all practical purposes, killed the obligation to adjust the tariff bands. It left it to the judges to stop criminal prosecutions in similar cases.

The court said nothing about the preposterous drafting of the regulation; it is anyone's guess whether the EEC institutions are unable to foresee the practical results of their legislation or whether they are determined to eliminate competition against the French.

** Decret—February 8 1955: law June 27 1957, regulations no. 58-107, January 7 1979, no. 60-1253, November 29 1960.*

† Case 152/78, judgment July 10 1980, Rec. p. 2299

‡ Cases 314-6/81, 83/82, December 14 unreported.

§ Case 32/82 Public Prosecutor v. Petrus Suys, November 30, 82, unreported.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

مكرر من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man Fd	215 69			—
Managed Inv. Fd	146.67	154 39		—
Property Fd	144 54	152 35		—
Fixed Interest Fd.	137 24	144 47		—
Cash Fd	130.49	137 36		—
Income Fd.	141.81	149 28		—
Extra Income Fd	132 99	139.99		—
Worldwide Growth Fd.	186 72	196.57		—
Balanced Fd	155 85	164.06		—
Smlr Co's & Recy Fd	160 85	168 48		—
Int Technology Fd	207 87	218 82		—
Nth. Amer & Gen Fd	131.42	138 34		—
Energy Int. Fd	84 59	89 05		—
Pacific Basin Fund	113.27	119 24		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	96.8	101.9		—
International	95.5	100.6		—
Property	96 3	101.4		—
Deposit	95.1	100.1		—
Fixed Interest	94 3	99.2		—
Managed	95 7	100.7		—
Equity Pens Cap	97.0	102.1		—
Intnl. Pens. Cap.	95 6	100.6		—
Property Pens Cap	96.4	101 5		—
Deposit Pens Cap	95 1	100 1		—
Fixed Int Pens Cap	94.0	99.0		—
Managed Pens Cap	95 7	100.7		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Jan 5	83.2			—
Rtmt. Fed. Jan 7	204.4			—
Managed Pen Fund	164.1	172.8		—
Property Pen Fund	109.3	115.0		—
Index Lnkd Pen Fund	115.9	122.0		—
Managed	104.5	110.0	+0.1	—
Property	97.7	102.9		—
Gilt and Fixed Interest	94.3	99.3	-0.6	—
Index-Linked	104.5	110.1	+0.8	—
Equity	105.6	111.2	-1.6	—
Cash	97.1	102.3		—
Midland Bk. Unit Tst.	101.4	106.8	-0.9	—
Midland Bank Intnl	118.8	125.1	-2.2	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£31.09	—	-0.09	—
Property Units	£16.70	—	-0.03	—
Equity Bond/Exec.	£20 47	21.66	-0.02	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	123 0	129.5	+3.6	—
GT Pln High Yld Fnd	103.6	109.1		—
GT Plan Far East Fnd	98.6	103.8		—
GT Pln N Am Fund	135.1	142.3		—
GT Pln UK&G E. Fnd	117.6	123.8		—
GT Pln Wrldwde Fnd	111.6	117.5		—
GT Pension Bnd Fnd	127.7	134.5	-3.0	—
GT Pen High Yld Fd	114.7	120.8		—
GT Pen Far East Fd	102.5	107.9		—
GT Pen N. Am. Fd.	162.5	171.1		—
GT Pen UK & G.E. Fd.	127.1	133.8		—
GT Pen Worldwide Fd.	116.7	122.9		—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Int. Managed Bond	154.5	162.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	214.4			—
Portfolio Fd. Inc.	183.3			—
Portfolio Fd. Cap.	208.1			—
Portfolio Man. Acc.	65.4	68.8		—
Portfolio Man. Inc.	58.3	61.4		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	1,425			—
Landbank Secs.	64.05			—
Landbank Scs. Acc.	173.3	177.8		—
G. & S. Super Fd.	£10.734			—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	298.6	311.0		—

GRE Linked Assurance Limited

Managed Initial	179.0	188.4	-2.3	—
Do. Accum.	195 3	205 6	-2.5	—
Equity Initial	226 4	238 4	-3.6	—
Do. Accum.	247.1	260 1	-4.0	—
Fixed Int. Initial	170.3	179.2	-1.9	—
Do. Accum.	185.8	195.6	-2.0	—
International Initial	175.2	184.5		—
Do. Accum.	191.2	201.3		—
Property Initial	121.2	127.6		—
Do. Accum.	132.2	139.2		—
Deposit Initial	119.4	125.7		—
Do. Accum.	130.3	137.2		—

GRE Pensions Management Ltd.

Pens. Managed Initial	173.5	182.9	-2.2	—

Wren Commodity Management Ltd.
10 St George's St., Douglas IoM 0624 25015

Wren Com Fund	31.9	33.2		3.70
Chinese Fund	56.5	59.9		1.70
Precious Metal Fund	140.1	145.0		8.30
Vanguard Cmdty Fd	41.4	42.4		2.26
Financial Futures Fd	133.1	[illegible]		—
Wren Intl Fnd *	$0.833	0.674		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

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BRITISH FUNDS

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅜	91	Exch 3pc 1983	99⅛	-¹⁄₁₆	3.03	11.34
101⅞	95¼	Treasury 12pc 1983‡‡	100⅛	-⅛	11.99	10.94
100⅝	92⅞	Treasury 9½pc '83	98¹³⁄₁₆xd	-⅛	9.35	11.54
104⅝	96⅞	Exch 13½pc '83	101⅝	-⅛	13.28	11.37
101¼	91⅞	Exch. 10pc 1983	98¾	-½	10.13	11.21
98¼	87⅛	Funding 5½pc '82-84‡‡	96½		5.70	9.23
103¾	91⅞	Exch. 11¼pc 1984	99½	-⅛	11.31	11.65
107¼	96¼	Exchequer 14pc 1984	102½	-⅛	13.66	11.93
94½	81⅛	Exch. 3pc 1984	92½	-⅛	3.24	8.68
105¼	91½	Treasury 12pc 1984	100⅛	-⅛	11.96	11.69
112	96¼	Treasury 15pc 1985	105⅛	-¼	14.23	11.96
112¼	89½	Exch. 12pc Cnv. '85	101½	-⅜	11.82	11.19
91¼	73½	Treasury 3pc 1985	88⅝	-¼	3.39	8.43
105½	87½	Treasury 11½pc 1985	99⅞xd	-¼	11.57	11.88
61⅛	55¼	Treas 8¼pcCn85 (£60pd)	55¼	-1⅛	9.18	10.73
107⅝	88⅝	Exch. 12¼pc 1985	100⅜	-⅜	12.21	12.08
106⅝	86⅛	Exch 11¾pc '86	99⅜	-1⅛	11.85	12.02
89½	69	Treasury 3pc 1986	86⅛	-⅛	3.48	7.79
107¼	86¼	Treasury 12pc '86	100⅛	-1⅛	11.99	11.95
100	80⅛	Treasury 8¼pc '84-86‡‡	95⅜	-⅝	8.91	10.11
116¼	96⅛	Treas. 12¼pc '86 Cnv.	103¼xd	-1¼	11.86	11.13
114	91⅞	Exch. 14pc 1986	105½	-1¼	13.27	12.08
112	90	Exch. 13¼pc 1987	103⅝xd	-1½	12.79	12.03
84	83⅞	Exchequer 2½pc 1987	83⅝	..	2.99	7.16
103½	95⅞	Exch. 10½pc 1987	95⅞	-1⅛	10.95	11.75
93⅛	73⅞	Funding 6½pc '85-87‡‡	91	-½	7.14	9.07
85¼	64½	Treasury 3pc 1987	83¼xd	-⅛	3.60	7.41
109	85⅞	Treas 12pc 1987	99⅞	-1½	12.02	11.96
		Five to Fifteen Years				
98	72½	Treasury 7¾pc '85-88‡‡	89¾xd	-½	8.61	10.34
102¼	95½	Exch 10½pc '88	95½	-¼	11.23	12.16
81	60⅛	Transport 3pc '78-88	75¾	-½	3.97	8.69
99	91	Treas. 9½pc '88	91	-⅜	10.57	11.95
107⅞	79⅞	Treasury 11½pc 1989	100½	-¾	11.98	12.43
85⅝	62½	Treasury 5pc '86-89	79½	-½	6.39	9.41
117¼	85⅞	Treasury 13pc 1990‡‡	103xd	-1	12.61	12.33
112	85⅝	Exch. 12½pc 1990	104	-1	12.48	12.46
98⅛	70⅛	Treasury 8¼pc '87-90‡‡	87	-½	9.55	10.98
110¼	77⅞	Treasury 11¾pc 1991	97xd	-1	12.13	12.37
84⅞	59¼	Funding 5¾pc '87-91‡‡	79½	-½	7.38	9.70
104⅛	76⅛	Exch. 11pc 1991	96¼	-¼	11.72	12.14
116⅞	81⅞	Treasury 12¾pc '92‡‡	102xd	-¼	12.46	12.32
102¼	70	Treasury 10pc 1992	93½	-¼	11.37	11.89
112¼	80⅞	Exch. 12¼pc '92	103¼	-½	12.37	12.41
118¼	88⅝	Exchequer 13½pc '92	109¾	-1	12.79	12.47
116½	80⅛	Treasury 12½pc '93‡‡	101¼xd	-¼	12.34	12.29
81½	56¼	Funding 6pc 1993‡‡	75⅛	-½	8.13	10.06
124¼	88	Treasury 13¾pc 1993‡‡	110½	-¼	12.66	12.29
128¼	91⅝	Treasury 14½pc '94‡‡	119	-⅛	12.76	12.22
119¼	86¼	Exchequer 13½pc 1994	109¼	-¼	12.69	12.43
115½	80⅛	Exch. 12½pc 1994	105¼	-¼	12.40	12.35
96⅛	66¼	Treasury 9pc '94‡‡	86⅝	-¼	10.56	11.28
113¼	76½	Treasury 12pc '95	98¼xd	-¼	12.16	12.22
66⅛	42⅞	Gas 3pc '90-'95	62	-¼	4.89	7.99
103¼	68½	Exch 10¼pc 1995	88¾xd	-¾	11.52	11.98
116⅛	83¼	Treasury 12¾pc '95‡‡	106⅛	-¼	12.22	12.07
127¾	86¼	Treas 14pc '96	110⅝xd	-1⅛	12.62	12.30
97	66⅝	Treasury 9pc '92-96‡‡	87¼	-¼	10.68	11.32
133	96	Treasury 15¼pc '96‡‡	122½	-1	12.76	12.23
120	86	Exchequer 13¼pc '96‡‡	110	-1	12.28	12.05
63⅛	43⅝	Redemption 3pc 1986-96	59	-¼	5.16	8.11
124	83½	Treasury 13¼pc '97‡‡	107¾xd	-1	12.26	12.04
105½	69⅝	Exchequer 10½pc 1997	95	-¼	11.56	11.83
94⅛	64	Treasury 8¾pc 1997‡‡	84¾	-¾	10.73	11.36
132¼	94¼	Exch. 15pc 1997	121¼	-1¼	12.71	12.31
		Over Fifteen Years				
79⅛	54½	Treasury 6¾pc '95-98‡‡	70	-⅝	9.83	11.04
138¼	99½	Treas. 15½pc '98‡‡	127¼	-1¼	12.62	12.19
116⅝	78¼	Exch. 12pc 1998	101⅛	-1	12.00	11.99
100⅝	66	Treasury 9½pc 1999‡‡	86¾xd	-¼	10.94	11.30
116	81¼	Exch. 12¼pc 1999	105½	-1	12.03	11.98
107	71⅛	Treasury 10½pc 1999	93	-⅝	11.49	11.68
124¼	82¼	Treas. 13pc 2000	107xd	-1	12.15	12.03
131	89	Treas. 14pc '98-01	114¾	-1	12.42	12.14
116½	76½	Exch. 12pc '99-02	100¼xd	-1⅛	11.93	11.92
129½	85⅞	Treas. 13¾pc 2000-03	112xd	-1	12.23	12.03
113¼	78¼	Treasury 11½pc '01-04	102¼	-1	11.66	11.69
50⅛	33¼	Funding 3½pc '99-04	44¼xd	-¼	7.91	9.74
123⅛	81⅝	Treasury 12½pc '03-05	107½	-½	11.83	11.75
87¼	59¼	Treasury 8pc '02-06‡‡	77¾	-⅛	10.59	10.89
116⅛	75⅞	Treasury 11¾pc 03-07	100¼xd	-1	11.69	11.68
128½	90	Treas. 13½pc '04-08	117⅛	-1	11.91	11.77
64	44¼	Treasury 5½pc '08-12‡‡	56	-¾	10.16	10.60
85½	55⅝	Treasury 7¾pc '12-15‡‡	72¼xd	-¾	10.65	10.79
124	81¼	Exch. 12pc '13-'17	107¼	-1	11.30	11.27
		Undated				
42⅛	27⅞	Consols 4pc	35¾xd	-¼	11.12	—
37¼	26⅛	War Loan 3½pc‡‡	32¼	-¼	10.99	—
42	31½	Conv. 3½pc '61 Aft.	38½	-¾	9.33	—
32⅛	21	Treasury 3pc '66 Aft	29¼	-¼	10.55	—
27	17¼	Consols 2½pc	23¼	-⅛	10.84	—
26⅞	17⅝	Treasury 2½pc	23¼	-⅛	11.09	—
		Index-Linked & Variable Rate				
100⅝	99⅞	Treas. Variable '83	99¾	-⅛	10.46	11.01
					(1)	(2)
105¼	95	Treas 2pc I.L. '88	104¼	-½	2.02	2.31
112	93	Do. 2pc I.L. '96	111	-¼	2.40	2.52
103¼	93¼	Do. 2½pc I.L. 2001	103	-½	2.39	2.48
102¼	95½	Do. 2½pc I.L. 2003	101½	-½	2.42	2.51
107	86⅛	Do. 2pc I.L. 2006	106xd	-⅛	2.34	2.42
103	96	Do. 2½pc I.L. 2009	102	-⅛	2.41	2.48
110	90	Do 2½pc I.L. 2011	109	-⅛	2.38	2.45

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
116¼	99¼	Australia 13½pc 2010	103½xd	-½	13.04	12.95
108¼	92¼	Finland 14½pc Ln 1986	104	-1	13.94	12.95
30¼	22½	Int-Am Dev Bk 12⅞pc 2003	22½	-½	13.64	13.76
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

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[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

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[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

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[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

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[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Gr's
240	75	Falcon Rh.50c	240		025c	10.3	7.3
33	18	Wankie Col. Z$1	18		†Q3c	1.2	11.3
24	12	Zam.Cpr SBD0 24	23	1	—	—	—

Australians

Tins

Miscellaneous

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling and dollar improve

Sterling was firmer against major currencies in general following the rise in clearing bank base rates, but weakened against a strong dollar. Trading was fairly active, with the pound touching an early peak on an incorrect rumour that Midland Bank was about to increase its base lending rate to 12 per cent, which would have been 1 per cent higher than the other clearing banks.

The dollar maintained its overnight strength in New York, although there were no new factors influence trading.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5837. December average 1.6176. Trade-weighted index 81.4, against 81.2 at noon, 81.4 at the opening, 80.6 at the previous close, and 91.2 six months ago. Sterling continues to weaken against Continental currencies and the yen on fears of a worsening balance of payments and lower world oil prices.

The pound opened at $1.5745-1.5755 and touched an early peak of $1.5870-1.5880 on the Midland Bank rumour, but soon declined to $1.5800-1.5810. It fell to a low of $1.5745-1.5755 in the afternoon, and closed at $1.5750-1.5760, a fall of 65 points on the day. Sterling rose to DM3.7225 from DM 3.7125 against D-mark; to FFr 10.5450 from FFr 10.51 against the French franc; to SwFr 3.0675 from SwFr 3.0525 in terms of the Swiss franc; and to Y363.0 from Y362 agianst the yen.

DOLLAR — Trade-weighted index (Bank of England) 117.2 against 120.2 six months ago. A change of emphasis towards fundamentals such as rising trade and budget deficits has pushed the dollar down recently.

The dollar rose to DM 2.3815 from DM 2.3455; to FFr 6.6975 from FFr 6.6475; to SwFr 1.9460 from SwFr 1.9290; and Y230.40 from Y228.75.

D-MARK — Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. December average 2.4225. Trade weighted index 128.9 against 124.7 six months ago. The D-mark is strong, helped by an improving balance of payments position. It has benefited recently from the weakness of the dollar and sterling.

The D-mark was a little weaker overall at yesterday's fixing in Frankfurt. The dollar rose to DM 2.3499 from DM 2.3366 and sterling was higher at DM 3.7060 compared with DM 3.6780. Within the EMS the Belgian franc was stronger at DM 5.0870 per BFr 100 from DM 5.0840 and the French franc improved to DM 35.285 from DM 35.28 per FFr 100. Elsewhere the Swiss franc eased to DM 1.2165 from DM 1.2189.

BELGIAN FRANC — Trading range against the dollar in 1982-83 is 50.21 to 38.12. December average 47.54. Trade weighted index 94.4 against 95.2 six months ago.

The Belgian National Bank spent the equivalent of BFr 10bn last week in support of the Belgian franc in currency markets, almost double the previous week's total, as the franc remained very weak within the EMS. At yesterday's fixing the dollar rose to BFr 46.2275 from BFr 45.9875 and sterling was higher at BFr 72.9850 from BFr 72.22. The D-mark eased a little to BFr 19.6567½ from BFr 19.6650 while the Dutch guilder rose to BFr 17.8270 from BFr 17.8150.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.0304	+0.13	+1.57	±1.5501
Danish Krone ...	8.23400	8.08150	−1.85	−0.41	±1.6420
German D-Mark	2.33379	2.29224	−1.78	−0.34	±1.0888
French Franc ...	6.61387	6.49686	−1.77	−0.33	±1.3940
Dutch Guilder ...	2.57971	2.52723	−2.03	−0.59	±1.5004
Irish Punt	0.691011	0.690966	−0.01	+1.43	±1.6691
Italian Lira	1350.27	1315.50	−2.58	−1.72	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Jan. 12	£	$		£ Note Rates
Argentina Peso.	79.455-79.495	50.340-50.390	Austria	25.90-26.20
AustraliaDollar..	1.5975-1.5995	1.0115-1.0120	Belgium	77.0-78.0
Brazil Cruzeiro ..	410.31-411.31	259.69-260.99	Denmark	12.97-13.11
Finland Markka..	8.2975-8.3160	5.2700-5.2720	France	10.47-10.57
Greek Drachma..	129.980-135.279	83.30-83.80	Germany	3.69¼-3.73¼
Hong Kong Dollar	10.27-10.29	6.5130-6.5180	Italy	2115-2165
IranRial	130.50*	82.90*	Japan	364-369
KuwaitDinar KD	0.4555-0.4565	0.2887-0.2888	Netherlands	4.07-4.11
Luxembourg Fr.	73.00-73.10	46.34-46.36	Norway	10.99-11.09
Malaysia Dollar ...	3.5850-3.6000	2.2730-2.2750	Portugal	140-170
New Zealand Dlr.	2.1415-2.1485	1.3655-1.3675	Spain	190-203½
Saudi Arab. Riyal	5.4315-5.4370	3.4400-3.4410	Sweden	11.40-11.52
Singapore Dollar	3.2600-3.2750	2.0660-2.0680	Switzerland	3.03½-3.07½
Sth.African Rand	1.6765-1.6770	1.0640-1.0645	United States	1.57-1.59
U.A.E. Dirham. ..	5.7980-5.8050	3.6720-3.6740	Yugoslavia	123-131

*Selling rates.

CURRENCY MOVEMENTS

Jan. 12	Bank of England Index	Morgan Guaranty Changes%
Sterling	81.4	−39.0
U.S. dollar	117.2	+8.6
Canadian dollar	99.6	−17.3
Austrian schilling	121.4	+29.9
Belgian franc	94.4	−1.9
Danish kroner	84.8	−9.2
Deutsche mark	128.9	+54.9
Swiss franc	154.1	+109.8
Guilder	119.6	+27.7
French franc	74.5	−19.1
Lira	53.9	−58.1
Yen	146.8	+40.5

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Jan. 12	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.701375	0.616621
U.S. $	8½	1.10705	0.974262
Canadian$	9.74	*	1.19103
Austria Sch	4¾	18.2641	16.0753
Belgian F	11½	51.1762	45.0304
Danish Kr	10	9.15807	8.08150
D mark	5	2.60146	2.29224
Guilder	5	2.87058	2.52723
French F	9½	7.37849	6.49686
Lira	18	1494.52	1315.50
Yen	5½	255.396	224.080
Norwgn Kr	9	7.74049	6.81545
Spanish Pta	—	n/a	122.172
Swedish Kr	10	8.02058	7.07655
Swiss Fr	4½	2.13793	1.88442
Greek Dr'ch	20½	92.6269	81.5467

* C$/SDR rate for Jan 11: 1.35729.

THE POUND SPOT AND FORWARD

Jan 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5745-1.5880	1.5750-1.5760	0.40-0.35c pm	2.86	1.05-1.00 pm	2.60
Canada	1.9240-1.9420	1.9260-1.9270	0.30-0.20c pm	1.56	0.78-0.68 pm	1.51
Nethlnd	4.08-4.12	4.10-4.11	2¾-2¼c pm	6.94	6⅞-6⅜ pm	6.46
Belgium	72.80-73.30	73.00-73.10	12-22c dis	−2.79	40-50 dis	−2.46
Denmark	13.06-13.15	13.09-13.10	11-13½ore dis	−11.22	30¼-35¼dis	−10.00
Ireland	1.1150-1.1270	1.1220-1.1240	0.35-0.48p dis	−4.43	0.86-1.11dis	−3.51
W. Ger.	3.70-3.74	3.71¾-3.72¾	2¼-1¾pf pm	6.45	5⅞-5⅜ pm	6.04
Portugal	142.50-148.50	146.50-148.50	155-480c dis	−25.83	410-1365dis	−24.07
Spain	197.50-198.50	197.90-198.20	110-165c dis	−8.33	380-470 dis	−8.58
Italy	2,126-2,140	2,127-2,129	15-20 lire dis	−9.87	61-66 dis	−11.94
Norway	11.02-11.10	11.02½-11.03½	7⅞-10⅜ore dis	−9.79	24-26¼ dis	−9.11
France	10.51-10.57½	10.54-10.55	5¾-7¼c dis	−7.11	24½-27¾dis	−9.86
Sweden	11.42½-11.50½	11.45-11.46	1½-2¾ore dis	−2.23	6⅛-7⅜ dis	−2.36
Japan	361-368	363-364	1.80-1.60y pm	5.61	4.65-4.45 pm	5.01
Austria	26.00-26.25	26.10-26.15	13½-11gro pm	5.63	35¾-30¼ pm	5.01
Switz.	3.04-3.07½	3.06¼-3.07¼	2¾-2¼c pm	9.78	6⅞-6⅜ pm	8.64

Belgian rate is for convertible francs. Financial franc 77.55-77.65. Six-month forward dollar 1.90-1.80c pm, 12-month 3.00-2.85c pm.

THE DOLLAR SPOT AND FORWARD

Jan 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5745-1.5880	1.5750-1.5760	0.40-0.35c pm	2.86	1.05-1.00 pm	2.60
Ireland†	1.4020-1.4150	1.4020-1.4040	0.95-0.85c pm	7.68	2.40-2.10 pm	6.40
Canada	1.2210-1.2235	1.2225-1.2235	0.15-0.18c dis	−1.62	0.34-0.37dis	−1.16
Nethlnd.	2.5875-2.6050	2.6030-2.6050	0.87-0.77c pm	3.78	2.58-2.48 pm	3.89
Belgium	46.10-46.36	46.34-46.36	21-24c dis	−5.83	61-65 dis	−5.44
Denmark	8.2600-8.3110	8.2975-8.3075	5¾-6¾ore dis	−8.66	15¾-16¾ dis	−7.70
W. Ger.	2.3455-2.3625	2.3610-2.3620	0.73-0.68pf pm	3.58	2.07-2.02 pm	3.46
Portugal	90.50-95.00	93.00-95.00	200-500c dis	−44.68	400-1200dis	−34.04
Spain	125.25-125.80	125.70-125.75	90-120c dis	−10.02	290-350dis	−10.18
Italy	1,347-1,353	1,350½-1,351½	14-16 lire dis	−13.32	48-52 dis	−14.80
Norway	6.9830-7.0050	6.9995-7.0045	2.85-3.35ore dis	−5.32	8.80-9.30dis	−5.17
France	6.6450-6.6975	6.6905-6.6955	5½-6¾c dis	−10.55	20¾-21½dis	−12.49
Sweden	7.2420-7.2730	7.2600-7.2700	1.30-1.80ore dis	−2.56	5.40-5.90dis	−3.11
Japan	229.10-231.10	230.35-230.45	0.54-0.47y pm	2.63	1.43-1.33 pm	2.39
Austria	16.47½-16.57	16.55-16.56	4¾-3½gro pm	2.81	12-9½ pm	2.60
Switz.	1.9265-1.9475	1.9455-1.9465	1.19-1.14c pm	7.18	2.94-2.89 pm	5.99

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.20-49.30.

EXCHANGE CROSS RATES

Jan. 12	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.576	3.723	363.5	10.545	3.068	4.105	2128.	1.927	73.05
U.S. Dollar	0.635	1.	2.363	230.7	6.693	1.947	2.606	1351.	1.223	46.37
Deutschemark	0.269	0.423	1.	97.65	2.833	0.824	1.103	571.7	0.518	19.62
Japanese Yen 1,000	2.751	4.334	10.24	1000.	29.01	8.439	11.29	5854.	5.300	201.0
French Franc 10	0.948	1.494	3.530	344.7	10.	2.909	3.893	2018.	1.827	69.27
Swiss Franc	0.326	0.514	1.214	118.5	3.438	1.	1.338	693.7	0.628	23.81
Dutch Guilder	0.244	0.384	0.907	88.56	2.569	0.747	1.	518.4	0.469	17.80
Italian Lira 1,000	0.470	0.740	1.749	170.8	4.955	1.441	1.929	1000.	0.905	34.33
Canadian Dollar	0.519	0.818	1.932	188.7	5.474	1.592	2.131	1105.	1.	37.92
Belgian Franc 100	1.369	2.157	5.096	497.6	14.44	4.199	5.619	2913.	2.637	100.

MONEY MARKETS

London remains nervous

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

Interest rates rose sharply in nervous early London money market trading. Interbank period rates touched 12 per cent on fears that the only major clearing bank not to announce an increase in base rate on Tuesday, Midland Bank, was about to push its rate up by 2 points to 12 per cent. But when Midland came into line with the other clearers at 11 per cent rates fell back despite continued suggestions that relatively small increases in base rates were not an answer to sterling's present weakness.

The Bank of England forecast a shortage of £300m. The major factor draining funds from the money market was bills maturing in official hands and a net take-up of Treasury bills by the market, absorbing £190m. The unwinding of repurchase agreements took out another £139m, and Exchequer transactions £50m.

Total help provided by the authorities was £331m, all by way of outright purchase of bills at the expected rate of 11 per cent. Before lunch the Bank of England bought £209m bills through £5m bank bills in band 1 (up to 14 days) at 11 per cent; £35m bank bills in band 2 (15-33 days) at 11 per cent; £9m Treasury bills in band 3 (34-63 days) and £7m bank bills in band 3 at 11 per cent; £99m Treasury bills in band 4 (64-91 days), £26m local authority bills in band 4, and £28m bank bills in band 4 (64-84 days) at 11 per cent.

In the afternoon the authorities purchased another £122m bills. These were £9m local authority bills in band 2 and £53m bank bills in band 2 at 11 per cent; £23m Treasury bills, £5m local authority bills and £32m bank bills in band 4 at 11 per cent.

In Amsterdam overnight money was 5¼-5⅜ per cent, reflecting the rate at which funds are available from the central bank under existing quota facilities. Three-month funds were quoted at 4¾-5 per cent, compared with 4⅞-5⅛ per cent on Tuesday, reflecting hopes that the Dutch National Bank will cut its discount rate in the near future. A special advance to inject more liquidity into the banking system is expected at the beginning of next month following the large subscriptions for the Government's latest bond issue.

In Zurich it was announced that Switzerland's four biggest commercial banks lowered the interest rates paid on short-term time deposits by up to ½ per cent.

LONDON MONEY RATES

Jan. 12 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	5-11¾	—	—	—	8-11¼	7-11	—	—	—
2 days notice	—	—	11¼-11⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11⅜	—	—	—	—
7 days notice	—	11¼-12	11¼-11⅜	—	—	11¼-11⅞	11	—	—	—
One month	[illegible]	11⅝-12	11½	12⅝-12	11⅝	11⅞	11-11⅛	11⅛-11¼	11⅛-11¼	11½
Two months	[illegible]	11⅝-12	11⅝	12⅛-12	11⅝	11⅞	11	11⅛-11¼	11¼	11⅞
Three months	[illegible]	11⅝-12	11⅝	12⅛-12	11⅝	—	10¾-11	11⅛-11¼	11¼	11⅞
Six months	[illegible]	11½-12	11½	11¾-11⅝	11⅝	—	—	—	11	11⅝
Nine months	[illegible]	11½-12	—	12-11⅝	11⅝	—	—	—	—	—
One year	[illegible]	11½-12	11½	11⅞-11½	11⅝	—	—	—	—	—
Two years	—	—	11⅞	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 8 1982 to January 4 1983 (inclusive): 10.833 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 12-12¼ per cent; four years 12¼ per cent; five years 12½-12½ per cent. ϕBank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 11⅓₂-11¼ per cent; four months trade bills 11¹⁵/₁₆ per cent.

Approximate selling rate for one month Treasury bills 11 per cent; two months 11 per cent and three months 11 per cent. Approximate selling rate for one month bank bills 11⅓₂-11⅛ per cent; two months 11⅛ per cent and three months 11⅛ per cent, trade bills 11⅝ per cent; two months 11⅝ per cent and three months 11⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10½ per cent from January 1 1983. London and Scottish Clearing Bank Rates for lending 10-10¼ per cent. London Deposit Rates for sums at seven days' notice 7-8 per cent.

Treasury Bills: Average tender rates of discount 9.9318 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 10¾ per cent; one-three-month 10½ per cent; three-12-month 10½ per cent. Under £100,000 10¾ per cent from December 31. Deposits held under Series 3-5 10½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 12	Short term	7 days notice	Month	Three Months	Six months	One Year
Sterling	11¼-11½	11½-11⅝	11⅝-11¾	[illegible]	[illegible]	[illegible]
U.S. Dollar	8¾-9	8¾-9	8⅝-8⅞	8⅝-8⅞	8¾-9	9-9¼
Can. Dollar	13-14	11-12	10-10¼	9¾-10	9¾-9⅞	9½-9⅞
D. Guilder	5⅛-5½	5¼-5⅜	[illegible]	[illegible]	4⅞-5	5-5⅛
S. Franc	[illegible]	[illegible]	[illegible]	2½-2⅝	3-3⅛	3⅛-3¼
Deutschm'rk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr'nch Franc	12½-14	14-15	18¼-19¼	20½-21½	20-21	18-19
Italian Lira	17-20	19½-22½	21¾-23½	23½-24½	22½-23½	21¾-23
Belg. Franc..						
Conv.	12½-13½	13-16	13½-14½	13¾-14¾	13½-14½	12¼-13
Fin.	12-12½	12⅛-12⅜	12⅛-12⅝	12⅛-12⅝	12⅛-12⅝	12⅛-12⅝
Yen	6¼-6½	6¾-6½	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	17⅝-18½	18-18½	19-19½	19⅛-19⅝	[illegible]	17⅜-17⅞
Asia $ (Sing.)	8¾-8⅞	8¾-8⅞	8⅝-8¾	8⅝-8¾	8¾-8⅞	9-9⅛

FT LONDON INTERBANK FIXING

(11.00 a.m. JANUARY 12)

3 months U.S. dollars		6 months U.S. dollars	
bid 8 11/16	offer 8 13/16	bid 8 13/16	offer 8 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8¾-8⅞
Treasury bills (13-week)	7.66
Treasury bills (26-week)	7.77

GERMANY

Lombard	6.0
Overnight rate	5.85
One month	5.90
Three months	5.65
Six months	5.60

FRANCE

Intervention rate	12.5
Overnight rate	12.875
One month	12.625
Three months	12.5625
Six months	12.3125

JAPAN

Discount rate	5.5
Call (unconditional)	6.71875
Bill discount (3-month)	6.90625

SWITZERLAND

Discount rate	4½
Overnight rate	[illegible]
One month	[illegible]
Three months	[illegible]

NETHERLANDS

Discount rate	5
Overnight rate	6⅛-5⅞
One month	5-5¼
Three months	4¾-5
Six months	4⅞-5

$ CERTIFICATES OF DEPOSIT

One month	8.45-8.55
Three months	8.45-8.55
Six months	8.55-8.65
One year	8.90-9.00

LONG TERM EURO $

Two years	10¼-10½
Three years	10¾-11
Four years	11¼-11½
Five years	11½-11¾

SDR LINKED DEPOSITS

One month	[illegible]
Three months	9¼-9½
Six months	9¼-9½
One year	[illegible]

ECU LINKED DEPOSITS

One month	[illegible]
Three months	[illegible]
Six months	11¼-11½
One year	10¾-11⅛

FINANCIAL FUTURES

Short £ weak

Attention remained focused on sterling in the London International Financial Futures Exchange yesterday. On a busy day which saw a total of 2,553 lots traded in the short sterling contract, the March price opened a full 60 points lower than Tuesday's close as interest rates rose in the cash market following Tuesday's one point rise in base rates. The trend continued as the market reacted to rumours that Midland Bank, the only major clearer not to announce a base rate rise on Tuesday, was about to leap frog with a jump to 12 per cent. This pushed the March price to a low of 88.53 but after Midland Bank fell in line with the other clearing banks in raising its base rate only one point, the March price shot up to 88.85 in a very short space. A best level of 89.10 was reached but by this time trading had started to thin out and interest in the June contract together with a little short covering probably accounted for the rise. The March contract finished at 89.06 compared with 89.30 on Tuesday.

Gilt prices opened higher on early hopes that the rise in interest rates would keep sterling steady. Sterling did in fact finish little changed from opening levels on a trade weighted basis but a fall below $1.58 during the morning prompted heavy selling and the March contract touched a low of 98-07 having opened at 99-25 compared with Tuesday's close of 99-14. Prices rallied in the afternoon with March finishing at 98-21. The market had little time to digest the latest CGBR figures although on an annual basis these looked mildly encouraging.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	91.17	91.25	91.15	91.27
June	90.80	90.88	90.78	90.91
Sept	90.45	90.50	90.45	90.60
Dec	90.28	90.28	90.28	90.35
March	90.00	90.00	90.00	90.10

Volume 1,228 (918)
Preious day's open int. 3,013 (2,939)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	89.06	89.10	88.53	89.30
June	89.17	89.20	88.70	89.26
Sept	89.10	89.10	88.90	89.20

Volume 2,553 (1,669)
Previous day's open int. 3,117 (2,819)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	98-21	—	98-07	99-14
June	98-15	99-22	98-15	99-05

Volume 1,100 (1,976)
Previous day's open int. 1,970 (1,972)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) −2-06 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5730	1.5805	1.5685	1.5620
June	1.5640	1.5650	1.5630	1.5520

Volume 522 (709)
Previous day's open int. 709 (715)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4266	0.4282	0.4253	0.4292
June	0.4308	0.4317	0.4306	0.4335

Volume 62 (50)
Previous day's open int. 382 (412)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.5208	0.5235	0.5189	0.5240
June	0.5280	0.5280	0.5280	0.5303

Volume 57 (145)
Preious day's open int. 254 (147)

JAPANESE YEN Y 12.5m $ per Y100

	Close	High	Low	Prev
March	0.4365	0.4385	0.4342	0.4398
June	0.4398	0.4398	0.4398	0.4427

Volume 78 (76)
Previous day's open int. 135 (143)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	76-26	76-31	76-16	76-24
June	76-05	76-09	75-27	76-03
Sept	75-20	75-25	75-12	75-19
Dec	75-07	75-11	74-31	75-06
March	74-30	74-31	74-21	74-28
June	74-22	74-22	74-14	74-20
Sept	74-16	74-16	74-08	74-14
Dec	74-11	74-11	74-02	74-08
March	—	—	—	74-05
June	—	—	—	74-01

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	92.40	92.45	92.35	92.44
June	92.04	92.07	91.96	92.05
Sept	91.68	91.68	91.61	91.67
Dec	91.32	91.34	91.31	91.32
March	91.01	91.01	91.01	91.04
June	90.77	90.77	90.77	90.79
Dec	—	—	—	9·.40

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	—	—	—	90.34
March	91.47	91.52	91.44	91.55
June	91.07	91.08	91.01	91.11
Sept	90.68	90.68	90.68	90.70

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.87	90.94	90.87	90.97
June	90.49	90.51	90.49	90.57
Sept	90.13	90.14	90.10	90.17
Dec	89.80	89.80	89.79	89.86

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.5700	1.5770	1.5655	1.5720
June	1.5620	1.5675	1.5580	1.5640
Sept	1.5590	1.5645	1.5550	1.5660
Dec	1.5600	1.5600	1.5460	1.5600
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	71-05	71-12	70-14	70-20
June	70-12	70-18	69-24	69-28
Sept	69-29	70-00	69-09	69-13
Dec	69-16	69-19	68-30	69-00
March	69-07	69-07	68-22	68-21
June	68-17	68-27	68-13	68-12
Sept	—	—	—	68-05
Dec	68-12	68-12	67-30	67-31
March	—	—	—	67-28
June	67-25	68-00	67-25	67-21
Sept	—	—	—	—
Dec	—	—	—	—

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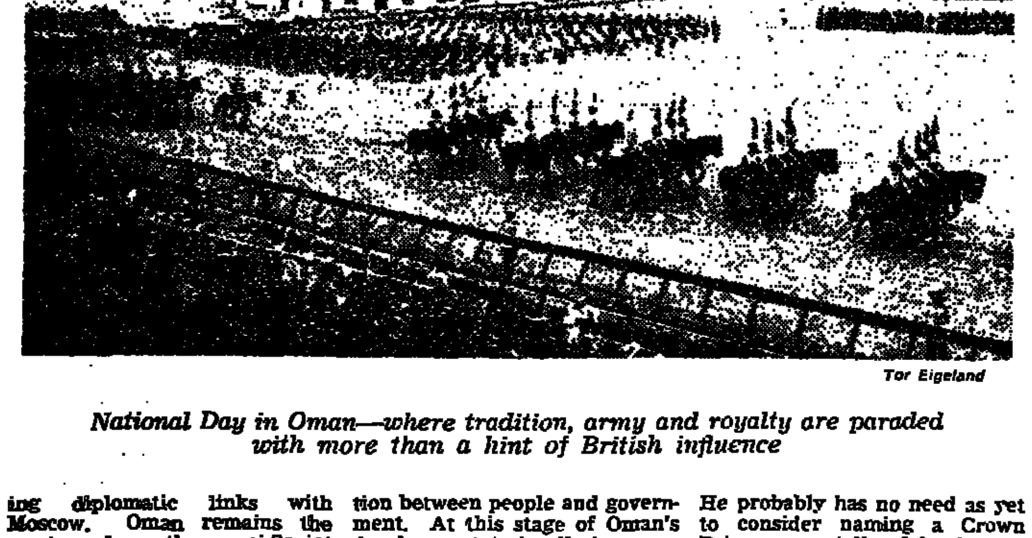
مكبر عن الاصل

FINANCIAL TIMES SURVEY

Oman

In the past 12 years Oman has at last started to emerge as a modern state. The ease with which changes have been made says much for the Omani people but the single most important factor has been oil revenue. During the coming year oil will again dominate events



Tor Eigeland

National Day in Oman—where tradition, army and royalty are paraded with more than a hint of British influence

CONTENTS

Photographs for this survey were taken by Tor Eigeland
Editorial production: Mike Smith

Adapting to a new way of life

BY ROGER MATTHEWS

OMAN is not a member of the Organisation of Petroleum Exporting Countries but it was watching the Vienna meeting of the oil producers last month with acute interest. Since the rebellion in its southern province of Dhofar was officially declared over in December 1975 the country has been basking in a glow of comparisons. Every year since 1970 when Sultan Qaboos bin Said al-Said ousted his father the quality of life has slowly and then rapidly improved. Any conversation in Muscat about almost any topic inevitably draws out comparisons with pre-1970. Roads, housing, health care, education, food—all have improved out of recognition.

Oman has been transformed from among the most backward countries of the world to one which can boast many of the trappings of Western affluence. It now even pledges to help the Western world by keeping open to navigation the Strait of Hormuz.

The pace and apparent ease of the transformation says much for the character of the estimated 850,000 Omani people, but no single factor can be more important than that of oil revenues. They have both underpinned economic development and allowed Sultan Qaboos the relative luxury, for a developing country, of building up his armed forces to the point where Oman can be confident of deterring any threat emanating from neighbours in the Gulf area.

Oman's new-found self-confidence rests on much more than the efficiency of its small but well-equipped armed forces. Unlike many other oil-rich Arab countries Oman has few problems of national identity. Although still in part tribal, most Omanis seem to accept the structure of the state and have not suffered the arbitrary and damaging drawing of borders which characterised the colonial presence in other parts of the Middle East.

The hearts and minds campaign waged in Dhofar to bring the guerrilla war to an end was successful largely because it was so readily received. The rebellion was against the refusal of the previous Sultan to admit the modern world rather than a wish for ideological revolution. Oman was additionally blessed by only modest oil reserves. Even if it had not wished to learn from the development excesses of its neighbours, its income would have limited its aspirations. Omanis have not yet been deserted by the work ethic and neither have they required the weight of expatriate labour which has threateningly distorted society elsewhere in the Gulf.

One of the justified reasons why most Gulf rulers are so sensitive about permitting the U.S. Rapid Deployment Force onto their territory is for fear of the adverse reaction this may provoke among the local populace. Sultan Qaboos equally demands a very low American profile but appears unworried by any repercussions, domestically or internationally, that granting the U.S. facilities may have. Twice since its formation elements of the RDF have staged exercises in Oman.

This same willingness to swim against the Arab tide, or at least to reject diplomatic sail-trimming, was demonstrated in its refusal to desert President Sadat when he made his unilateral peace offer to Israel. Perhaps its task is made easier by the attitude of many Arab states which regard Oman with curiosity rather than kinship. They believe with some reason that Oman looks as easily to the sub-continent and to Africa as it does to the Arab world. There is scarcely a single Palestinian in Oman but there are well over 100,000 Indians and Pakistanis.

Arab nationalism also sits uncomfortably alongside the strong British presence which remains in Oman and nowhere more sensitively for other countries than in the armed forces. British seconded and contracted officers sit at the highest levels of all three services and their presence is all too easily recognised in the equipment, training and deportment of Omani troops. Sultan Qaboos may also feel reassured, because unlike other developing countries the younger and perhaps ambitious local officer corps is only emerging under strict and unquestionably loyal supervision.

Co-operation

Much though the Gulf war between Iraq and Iran may be regretted officially in Muscat it, too, is not without its compensatory aspects for Oman. The self-inflicted wounds of both would-be policemen of the Gulf prompted the creation of the Gulf Co-operation Council formed by Saudi Arabia, Kuwait, United Arab Emirates, Bahrein, Qatar and Oman. The creation of a development fund will be to Oman's long-term economic benefit while Sultan Qaboos, after initial difficulties, has persuaded his fellow heads of state towards greater defence expenditure and co-operation.

Instead of Oman appearing, as it did three years ago, as a stalking horse for U.S. and European interests in the Gulf, it can now be presented as one of the strongest links in an admittedly fragile defensive chain. The tentative rapprochement with Soviet-sponsored South Yemen has further fostered the image of a secure and increasingly self-confident Oman. Sultan Qaboos has welcomed South Yemen's apparent shift of attitude but it will not make him any more susceptible to Kuwait's suggestion that other members of the GCC should now consider establishing diplomatic links with Moscow. Oman remains the most adamantly anti-Soviet government in the Middle East.

The capacity of Sultan Qaboos to retain his self assurance may, however, depend in future on factors less within his immediate control. Particularly it will depend on the moment when Omanis look less over their shoulders at 1970, accept their improved standards of living as of right, and start to make the sort of comparisons which trouble other heads of state.

This has to an extent already been demonstrated with the decision by Sultan Qaboos to issue a decree which aims to define conflict of interest and the payment of commissions. Many Omanis who are prominent in public life also have extensive commercial interests, a trait which is widespread in the Middle East. But, as an adviser to Sultan Qaboos put it: "The Omani national cake is not so large that a slice can disappear without a lot of people noticing." Just how sensitive an issue this has become in Muscat was emphasised when the initial legislation had to be withdrawn and the government lawyers told to redraft it with greater precision.

The creation of a modern state, which is what the Omanis are attempting, also demands authentic lines of communication between people and government. At this stage of Oman's development it is all the more important because Sultan Qaboos also retains the portfolios of Prime Minister, and Ministers of Defence, Foreign Affairs and Finance. Such immense concentration of power places a heavy demand on the quality of advice that the ruler is given and on those who organise his schedule of meetings.

Participation

A modest start has been made to broaden the base of communication with the formation of a 45-member State Consultative Council. Its initial aims are no more adventurous than similar experiments in other parts of the Arab world but both the participants and Sultan Qaboos believe it is helping the process of decision making. The lack of education and of experienced administrators in Oman will however continue to impose a practical brake on the pace of popular participation in government.

By far the most delicate issue to discuss in Muscat and one which does cause some concern among Oman's neighbours is the question of a successor to Sultan Qaboos. Although still only 42 and apparently in excellent health, the Sultan is childless. He probably has no need as yet to consider naming a Crown Prince, especially if he is considering remarriage, but the lack of provision for a clearly defined transfer of power must inevitably have some bearing on assessments of the country's long-term stability.

Sayyid Fahad bin-Mahmoud al-Said, the deputy Prime Minister for Legal Affairs, is widely thought in Muscat to be the man best suited for higher office and there is some evidence to suggest that Sultan Qaboos may agree with that assessment.

But during 1983 it is going to be the price of oil rather than any other issue which affects political developments in Oman. It had already been decided to raise the production ceiling to 360,000 barrels a day to help offset softening prices but with the $34 reference price under growing pressure Oman has found difficulty in renegotiating its longer-term contracts.

At the turn of the year there were suggestions that Oman had offered, and then withdrawn, discounts to its leading customers. Certainly the temptation for Oman to break ranks with its Gulf Co-operation Council colleagues will intensify unless there is agreement to lower the price of crude or demand suddenly picks up.

Cuts in projected budget expenditure this year could not be made without some reduction in the development programme and probably some re-examination of priorities. With a comfortable level of reserves this need not be of great short-term significance, but it is a reminder to the government of the need to restrain the level of public expectation and to ensure that potentially beneficial international friendships are maintained. The extent to which Oman might expect to benefit from GCC defence and development funds may well depend on the attitude it adopts on oil pricing.

Such anxieties hardly permeate however to street level where the new year promises fresh material gains such as more houses, hospitals, schools and roads together with television pictures of the head of state being received by President Reagan in Washington or being piped aboard his extravagant new yacht—all symbols of Oman's new found status in the world. Omanis are grateful for their deliverance from penury and still tolerant of what might elsewhere be considered as excesses. On first acquaintance it is difficult to think of a country which takes greater pleasure in its achievements and appears less troubled about its future.

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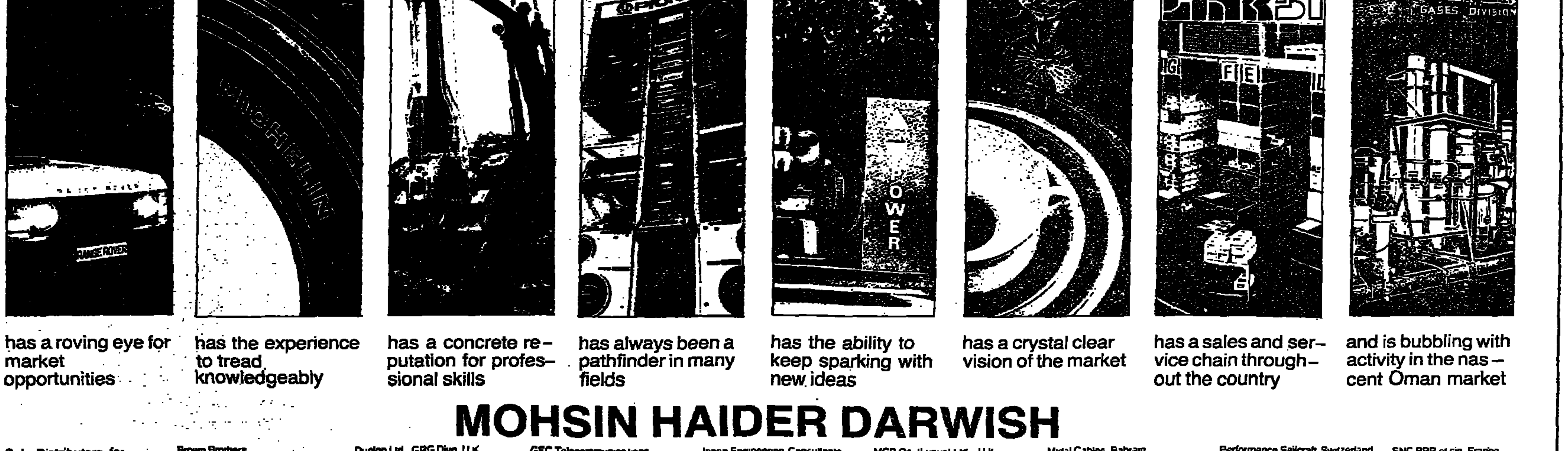

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How the Sultan sees the tasks ahead

On relations with South Yemen: I have always hoped that peace would prevail between our two countries. Good neighbourly relations will be of benefit to both peoples. Oman likes to have good relations with everyone and it has always been our policy not to interfere in other country's internal affairs. They should not interfere in our internal affairs. Once such problems have been overcome, then we can accept friendship.

On establishing diplomatic relations with South Yemen: This matter has been raised by them from the start. We like to take things step by step. It is encouraging that the radio (propaganda) has been stopped. It is not a good thing to be at each others' throats, especially as we have the same language and the same religion.

On Soviet expansionism: Really nothing new has happened since the invasion of Afghanistan. This might make one believe that less attention is being given to the problem and that there is less tension. But the Americans and others who are interested in the problem know exactly what the situation is and they have made adjustments.

On the Palestinians and the Lebanon crisis: It is a living problem, people are discussing it and together with the situation in Lebanon it urgently needs a solution. It will be even more difficult to solve if a solution is not found quickly.

Oman's view on Gulf defence and security: I am very glad you asked me about that. You are quite right that at the time of the first summit meeting of the Gulf Co-operation Council in Abu Dhabi they were not quite ready to talk about such things. They are now swinging round to Oman's point of view, more or less.

They had not had our experience in military matters and could not quite appreciate what we meant when we explained about security. But our opinions have drawn more and more sympathy. Now in the last meeting we have really done something. We are beginning real planning.

The ministers of defence recently had a good meeting. The question now is how best to organise defence. There has been an agreement by which the Gulf Co-operation Council will assist us with a sum of money over a period of years. The four members of the GCC who can afford it will help the capability of Oman and of Bahrain. The budget is being drawn up and there are other details left to be discussed.

On Gulf Economic Development: No, it would be wrong to say that the defence agreement is the single most important achievement of the GCC. The establishing of the Gulf Investment Fund is equally important. I would like to see it even bigger. But it is a start from which all the people will benefit.

Sultan Qaboos bin Said al-Said tells Roger Matthews how the most important issues have been and should be tackled.

The other important point is the agreement on planning and the location of factories and so on. There has been too much duplication with so many airports and ports in the Gulf. This is something we have been talking about for some time. It is interesting for us because we are only starting with our own small industries.

Once the economic agreement between us is in full swing I think it will make a big impact, although we shall still need to protect ourselves for a while. You cannot expect us all to agree on everything at once. The military thing has been agreed but it is not the single factor of the GCC. I hope more money will be put into the investment fund.

On Oman's new State Consultative Council: I am very pleased with it. The committees are operating very well, travelling all over the country, studying things and putting forward ideas. Considering they have only been in operation for a year they are doing an excellent job.

The first recommendations they put forward have been agreed upon. Certainly the council has helped me personally to form a better judgement of what is going on in the country, economically and socially. The council's members have been good ambassadors to the people and from the people to us. They have helped the Government and ministries to see things more clearly and to see priorities overall instead of each minister having his own individual priorities.

On further political development in Oman: There are no limits to what development may mean, whether it refers to people or the economy. But it must take its place in the proper time. Why otherwise do we wish to educate people and why do we encourage them to take responsibility?

It will be a very happy day for me when more people will take responsibilities from my shoulders. But we have had to take into consideration the situation of our culture, our religious heritage and guidance, our traditions, and not to import a system that is already made and put in a package. This all must grow out of religious traditions. I hope very much it will not be long before I see more educated and responsible people helping me and my ministries doing more for the welfare of our country.

On the law regulating the payment of commissions: It is a law, but there were some parts of it which were misinterpreted, one way or another. The legal people are looking into this so that everything becomes absolutely clear and there is no room for any conflicting interpretations. Our laws must be absolutely crystal clear.

I think this law is a very good thing to have because I believe in prevention rather than cure. When you see a small light it is best to act immediately because there is always room for things to get out of hand, which they have not done in this case. I always like to be one step ahead.

On what Oman has learned from other developing countries: We are very fortunate that our development has taken place later rather than earlier. We have learned from other people's experiences and mistakes.

We have also made mistakes. In the first five years we had to move really fast and therefore we made mistakes, especially in planning. In some cases we had to go back and plan again. Everyone wanted a piece of land, so we rushed things.

Fortunately most of the land in Oman is owned by the Government, so the cost was not so high.

On Egypt's relations with Arab countries: I tend to think that Egypt is already back in the Arab fold and it is now just a matter of formalities. It was the other Arabs who in the first place pulled themselves away from Egypt. People to my surprise take a decision in such a rush, as at the Baghdad meeting, and then perhaps they regret it later. They wish they had not taken that decision at that time, but I think it may be impossible to get everyone to admit that they were wrong.

On relations with the United States: They are very old and well established since independence. We are very happy with them. There is an agreement for both our armed forces to come together from time to time or to help if there is an emergency. I leave that to the military people.

On his achievements and ambitions: The thing that most occupies my mind is the development of the people. To educate, to train them, to see they are serving the country with the proper education and with the skills they need in every field. To see that the poor people are looked after and that the welfare of the country reaches a standard that looks after everyone in need. I am particularly interested in the development of the young people. We have come a long way in developing this country over the past 12 years. When I reflect how I felt then, at the beginning, and I look back then I feel quite happy. My challenge for the future is to do more and to be able to do more.

Sultan Qaboos: he does not on first meeting exude the sense of power found in other Arab leaders who are absolute monarchs but few important decisions are made in Oman without his consent

Roger Matthews profiles Sultan Qaboos

Absolute monarch who rules by consensus

SULTAN Qaboos bin Said al-Said, eighth in direct line of the Al-Busaid dynasty founded in 1741 by Sultan Ahmad Ibn Said, took absolute power in Oman on July 23, 1970, four months before his 30th birthday. With direct British assistance, he overthrew his father, Sultan Said bin Taimur, whose refusal to permit any development, social or economic, was pushing the rebellion in the southern province of Dhofar ever closer to success. The old man shot himself in the foot attempting to load a German machine pistol as the British-officered military detachment entered the royal palace in Salalah and was later taken to Britain where he died in 1972.

The young Sultan is said to have been distressed by the incident and continued to correspond with his father until his death. The caution which today characterises his actions was already well in evidence during the run-up to the palace coup. From 1964 to 1970 Sultan Qaboos had been a virtual prisoner in Salalah, only seeing those people permitted by his father. Fatefully among them was a British intelligence officer who had trained with Qaboos at Sandhurst.

Only when the rebels were almost at the gates of Salalah is Qaboos said to have given his final approval for the coup which had been in the planning stage for months before.

Compromise

Sultan Qaboos's strong attachment to Britain derived partly from his father, but perhaps more from the period from 1958 onwards which he spent at school in Suffolk, at the Royal Military Academy, Sandhurst, with the 1st Battalion The Cameronians, and then finally for two years studying local government. It is reflected today in the organisation of the machinery of state, in the structure and equipment of the armed forces, in commercial links and in the royal accoutrements, both material and personal.

A softly-spoken, gentle man he does not on first meeting exude the sense of power found in other Arab leaders who are in the last analysis absolute rulers. Perhaps that in part is due to his inheritance and the relative absence of political struggle either to take power or to maintain his grip on it. Although Sultan Qaboos holds all the major offices of state, he still appears to rule largely through national consent. He is reputed always to search for consensus and in general prefers in domestic affairs to promote compromise rather than confrontation.

Meetings

There are few decisions of importance taken in Oman that have not first been vetted by Sultan Qaboos. His long working day, often without a break for lunch, is invariably punctuated by a series of ministerial visits. The demeanour of ministers waiting for or having just completed an audience indicates their awareness of where power resides in Oman. There are regular cabinet meetings in Muscat but the impression given is that a great deal of official business is completed in bilateral meetings with the ruler.

Contact with rural Omanis is maintained once or twice a year through royal peregrinations which take Sultan Qaboos into some of the more distant parts of his country. Accompanied by a number of ministers and sometimes living in a tent for days on end, Sultan Qaboos receives local tribal leaders, listens to their complaints and difficulties and then orders the relevant minister to effect a solution. Gifts are distributed along the route, often in the form of cash.

Some ministers appear to relish the trips, others find them taxing if most of the complaints appear to be directed at their department. Not that Sultan Qaboos has a reputation for dealing harshly with those who perform less well than expected. Instead they can expect to be shuffled sideways, lose nothing in financial benefits and probably be additionally rewarded with a gift of land.

As in any royal court there are inevitably jealousies and frustrations, but as no minister or indeed local leader can hope to develop his own constituency there is little purpose in becoming divorced from the system. Even the few prominent citizens who are willing to criticise aspects of policy in private always appear to direct the blame at individual royal advisers rather than at the figure of the Sultan himself. The criticism appeared sometimes to become more virulent when the adviser in question was an expatriate, a trend of which the British in Oman should be particularly wary.

Private

Outside the immediate political arena, Sultan Qaboos has the reputation of being a very private man. He has a keen interest in music, plays the local lute for which he also composes, and is reputed to have secured the services of an organist to play especially the works of Bach. His affection for the operettas of Gilbert and Sullivan are well chronicled. Wildlife in Oman has also benefited from his interest with hunting purportedly strictly controlled throughout the Sultanate, although not always very vigorously policed. It was said to be typical of the ruler that he recently received the expatriate author of a book on seashells in Oman.

If these characteristics bear little relation to the rough and tumble of Arab politics elsewhere in the Middle East they nonetheless are in many ways representative of the qualities displayed by other Omanis. It is an amiable country which has accepted its emergence into the 20th century with some surprise and much gratitude.

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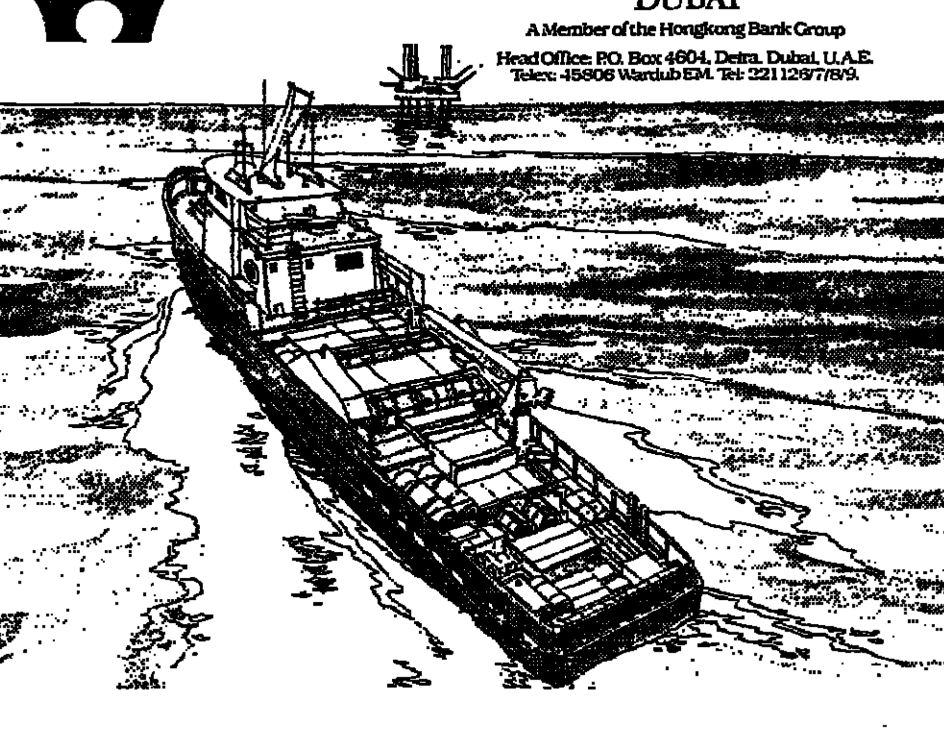

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هكذا من الاصل

Major test comes at an awkward time

Economy

OMAN'S RECORD of good economic housekeeping is going to be put to the test in the coming year by the slump in oil markets. Oil accounts for 96 per cent of Oman's foreign exchange earnings, so the fall in oil prices is having a major impact on economic planning and the murky picture following the December Opec meeting in Vienna has added to the confusion.

The slump in earnings has already forced the Government to raise the production ceiling by 10 per cent to 360,000 b/d and Oman is having to sell oil by informal agreement in the absence of an annual agreement which in the current buyers' market customers are reluctant to conclude. Uncertainties about the sources of revenue are delaying the formulation of the 1983 budget.

The fall in oil prices has come at an awkward time for Oman's planners. Despite rigorous budgeting, which ensures that each ryal allocated to government agencies and ministries is bespoke the squeeze in revenues is coming at a time when there is a significant shift in the budget from project to current expenditures. The 1982 budget assumed revenues of OR 1,322m and expenditures of OR 1,488m, leaving a deficit of OR 166m—all but covered by the surplus from 1981 and effectively redressing capital underspending in the previous year.

The two principal features of the 1982 budget are the continued high level of military spending—39.8 per cent of total expenditures—and the sharp rise in current expenditure following the 15 per cent rise in military and civil service salaries at the beginning of the year. Current expenditure accounted for 86 per cent of military expenditure of OR 592m and 53 per cent of civilian expenditure, of OR 649m—or 57 per cent of total expenditures. There is therefore very little fat to cut on defence expenditure and any cuts in civil expenditure must come out of the development programmes.

Some officials saw this crunch coming when oil prices started to soften and tensions have been growing over the past 18 months between those calling for belt-tightening and those in the market place calling for higher consumption. The former did not completely win the argument but they have made their point. The actual deficit for 1982 will be around OR 205m leaving a foreign exchange gap of OR 40m-OR 45m to be covered. Fortunately, the Second Five-Year Plan 1981-85 was based on worst case assumptions, so the present shortage should be seen, for the time being, more as a temporary embarrassment caused by a loss of financial flexibility than the beginnings of a crisis.

The Government has a number of options. It could draw on its reserves it has built up in the past two years of sizable surpluses. These now amount to OR 700-750m and are mostly placed in the State General Reserve Fund which generations.

Allocation

The 15 per cent annual allocation to the fund, made before other budget expenditures but after allocations to the oil development fund, is retroactive and the 1982 contribution is being "reconsidered," Deputy Premier for Finance and Economy, Qais Zawawi, told the Financial Times.

It could utilise some of the unused credits it has with its principal suppliers or it could raise funds on the Euromarket. Indeed, Oman is sounding out the possibility of raising a $300-$400m medium-term Eurodollar loan and will proceed if the terms are attractive. It could command prime rates; the country's debt is negligible, the debt service ratio is less than 6 per cent.

It could try to increase the level of development and military aid. This is the area where Oman's planners have been most disappointed. Although relations with brother Arabs are improving now that Egypt is being rehabilitated into the Arab fold, Oman's support of Camp David made them even more dilatory in opening their purse strings than usual and when the aid came with other political strings attached Oman found it irksome. Oman is currently counting on about $100m of development aid from Arab and other donors in 1983.

Then again the benefits of the Gulf Co-operation Council (GCC) have not quite lived up to Omani expectations. The conclusion recently with the GCC of a OR 600m 10-year arms aid programme will help ease the burden of military expenditure but slow payments have made the GCC an unreliable source. Oman is, nevertheless, counting on quick GCC financial support in the event of a military emergency.

The U.S. connection has not quite brought the economic benefits that Oman was hoping for either, although the U.S. Corps of Engineers has helped in building roads and is spending a great deal on Masirah Island. Military aid is running at $300m over three years. In line with its general policy of keeping as low a profile as possible in Oman the U.S. is providing only token USAID—$10m loans, $5m of grants.

Finally Oman has counted on its strong political and military ties with the UK to have some economic benefit. Oman has put that relationship to the test on two occasions in the past two years.

The first was after Prime Minister Margaret Thatcher's visit in May, 1981, when a $235m ECGD credit was arranged for the new Qaboos university. Cementation signed a framework agreement for the £215m project early in 1982.

The second was the UK's commitment to the Rusail power project. This was tied up within three months of Minister of Information and Technology, Kenneth Baker visiting Oman in September 1981, by using the "chosen instrument of policy," which gave the project first call on ECGD funding. By November 1981 John Brown had been selected by the British Government to implement the package. The £52m contract was signed last August.

Morgan Grenfell earlier this month announced it had arranged a $81m ECGD-backed credit for the project (it also arranged the ECGD credit for the university project), and the first of three turbines are to be delivered in May, the last in August 1984. Oman will then have a 250Mw power station a year ahead of the plan's schedule.

In the event the 1983 budget will probably be slimmed down, including military spending, and certain development projects will be delayed or completion times extended. The economy should not be harmed by a slowdown. The Plan calls for an average growth rate over the five years of 13.1 per cent. In 1981, catching the last of the firm oil prices, it soared 22 per cent to $6.8bn at current prices. But the growth in GDP for 1982 is likely to be lower, with oil revenues down by around 8 per cent to about $4bn and imports rising at between 30-40 per cent. They will probably be over OR1bn, compared with OR790m in 1981.

Because most of the economic activity is oil-derived—it represented 65 per cent of GDP in 1981 and a large slice of the remaining 35 per cent was oil-related—inflation is largely a function of the cost of imported goods, which because the ryal is pegged to the dollar have risen little in price.

This has had far more impact on the inflation rate than a 21 per cent increase in the money supply (M1) in the year to end-September. Oman has no proper cost of living index, only a price index for a few basic foodstuffs, so it is difficult to arrive at an accurate figure for inflation. But it is usually taken at 10 and 15 per cent.

Another major limitation on economic management is the lack of a proper national census. The population growth rate could be over 4 per cent but lack of precise figures makes it hard to focus on the parameters of the job creation problem, especially when set against the heavy daily pressure for greater numbers of cheap imported labour. The expatriate community rises inexorably at over 10 per cent a year, drawing off an increasing amount each year in remittances.

Critical areas of the economy such as agriculture, fisheries and industry, where the new jobs should be being created, continue to lag despite the apparent buoyancy of the non-oil GDP. The 24 per cent rise in non-oil GDP in 1981 was almost entirely due to trade and services.

But these imponderables pale into insignificance beside the central issue as to what will happen to oil prices in the next 12 months. Fortunately, the economy is over the infrastructural hump, which allows for longer term flexibility in development planning even if there are temporary problems. The impact of cutting back rural programmes is more diffuse and the repercussions political. It is unlikely however, that the main structure of the Plan will be affected—unless there is a major collapse in oil revenues in the coming year.

Alan Mackie

ECONOMIC INDICATORS

($m unless otherwise indicated—exchange rate: 1 Omani Rial = $2.90)

Output, investment and labour	1979	1980	% Change 1979-80	1981
GNP (current prices)	2,967.8	5,072.2	+ 70.9	6,227.8†
Government investment	629.0	959.1	+ 52.5	1,122.6
Private investment	292.8	386.7	+ 32.1	508.1
Crude oil production ('000 b/d)	951.1	283.3	− 4.0	328.2
Expatriate labour force ('000)	126.9	148.0	+ 16.6	—
Money and prices				
Money supply (M1)	361.2	464.1	+ 28.5	631.0
Interest rates per cent: Deposits	6.9	6.1	− 11.6	6.9
Loans:	10.6	10.1	− 4.7	11.1
Government finance				
Government revenues*	2,186.1	2,779.1	+ 27.1	3,803.5
Government expenditures	1,885.2	2,680.3	+ 42.2	3,403.8
Budget surplus or deficit*	+303.8	+26.1	− 91.4	+288.4
Foreign trade				
Crude oil exports	2,161.4	3,607.5	+ 66.9	4,424.3†
Non-oil exports	120.9	144.9	+ 19.9	276.8†
Imports (recorded and estimated unrecorded)	1,497.7	2,067.5	+ 38.0	2,725.5†
Balance of trade	784.6	1,684.9	+114.7	1,975.7†
Current account balance	261.7	1,078.6	+312.2	1,182.0†
Official loans and transfers	168.4	105.8	− 37.2	290.1†
Overall balance	325.8	1,227.0	+276.6	1,109.3†
Gross official reserves§	738.6	1,830.4	+147.8	2,894.8
Net foreign assets§	673.6	1,900.6	+182.2	3,105.8

* Excludes State General Reserve Fund.
§ Includes State General Reserve Fund.
† Provisional.

Source: Figures compiled from official Omani and other external sources.

Hopes lie in big buyers spreading their risks

Oil

THE OPEC decision in Vienna last month to hold the $34 a barrel marker price for Saudi light crude without tackling the problem of production quotas has thrown Oman's oil marketing into confusion, along with virtually every other oil producer in the world. Oman is neither a member of Opec or Oapec but is an integral member of the Gulf Co-operation Council (GCC) which binds its pricing policies very closely to those of Saudi Arabia's. It is therefore waiting to see what tactics Opec members adopt to sell their oil and will fall into line behind them.

Meanwhile last year ended with the marketing of this year's oil in a state of flux. Usually by the beginning of December the next year's production has been placed and by the middle of the month tanker slatings arranged. But because of the Vienna Opec meeting buyers held off committing themselves and its inconclusive ending has meant further prevarication.

Informal

Oman may therefore have to start this year selling its oil on the basis of informal undertakings. Last year Oman began contracting its oil sales on an annual basis and in August cut the price of its crude by 30 cents a barrel to $34 to protect its market share. In current markets, however, this price, with the spot rate down to $28 a barrel, is highly vulnerable—yet because of its commitments with the GCC, Oman cannot afford to cut its prices below those of Opec.

Japan, which traditionally takes between 50 and 60 per cent of Oman's oil, has been looking for cheaper crudes elsewhere. Even potential customers like Mobil which have expressed interest in taking a small placement "to get in on the bottom floor in Oman," as one expert put it, are holding back until a buyers' consensus is formed.

Oman is banking heavily on big operators taking advantage of the buyers market to spread their risks with small placements. As a minor producer—Oman is currently producing 360,000 b/d—these could make a big difference.

This latest confusion comes just as Oman has finally succumbed to market realities and raised production to offset the slump in prices. Oil revenues for the Second Five-Year Plan 1981-85 were computed on a price of $39 a barrel and a production rate of 330,000 b/d. The production ceiling has therefore been raised 10 per cent to 360,000 b/d to compensate and capacity has been raised to make it possible. The average production for 1983 is now expected to be about 337,000 b/d.

The present situation is a far cry from 1976 when Oman's oil production from the central fields around Fahud and Yibal peaked and the country seemed to face an oil-less future. The discovery of small but promising finds in a new area in the south, some 200 km north-east of Salalah at Marmul, has transformed the outlook and brought renewed interest in prospecting. Recoverable reserves are now put at 3bn barrels, well over twice the 1976 figure of 1.3bn barrels, and quite enough to support current rates of production into the next century.

Shell, the minority shareholder in the national oil company Petroleum Development Oman (PDO)—(the Government has 60 per cent, Shell 38 per cent, CFP—Total 4 per cent and Partex 2 per cent) has found 5bn barrels in place, of which 750m barrels are recoverable. Most, admittedly, are heavy crudes out of the southern fields but light oils have also been found in the region. The Rima field, which has just gone on stream and will eventually produce 45,000 b/d, is producing 33 api as against 27 api in most of the other southern fields. Although production in the central fields has fallen from a 1976 peak of 365,000 b/d to 215,000 b/d—the balance is now made up by the southern fields with an extra 12,000 b/d of good quality 45 api crude being pumped from Elf Acquitaine's Sahma concession on the Saudi border—new finds are still being made.

Shell recently found 48 api oil at Sayyala north of Zauliya in central Oman in a spot which PDO wished to relinquish five years ago. Such finds have made PDO, the original concession holder in Oman, loth to relinquish more than it must.

In the last big carve-up occurring in 1981 PDO relinquished five concession areas. Amoco took a 49,000 sq km block in the North Oman mountains and an Elf-led consortium comprising Kuwait Petroleum Corporation, the International Energy Development Corporation and Sumitomo of Japan a 27,000 sq km concession at Saiwan on the mainland across from Masirah Island. Another Japanese oil consortium, Oman Japan Development Company, signed a production-sharing agreement for an offshore concession at Masirah Island and Japex Oman, another consortium, signed up the Wahiba concession north of Saiwan.

Concession

The other major foreign operators in Oman are a BP-Agip-Denimex Hispanoil group operating a concession in west Dhofar and Quintana Gulf Occidental Group in the Sunainah concession between Jebel Akhdar and the UAE border. There are now at least 10 concession area being worked with around 30 foreign companies either in consortium or working singly. The PDO is due to relinquish five or six blocks early this year.

Market surveys have indicated that around 3,000bn cu ft of gas will be needed over the next 40 years to cover domestic and industrial consumption in the capital area and the Sohar industrial complex; a further 4,400bn cu ft will be needed for enhanced oil recovery. This is slightly more than the 6,000bn cu ft of known reserves but it is estimated that a further 4,700bn cu ft of gas reserves could be tapped by shallow drilling and that deeper drilling will produce more. All gas reserves are owned by the Government.

The other major question marks hanging over oil development in Oman is whether the GCC will proceed with a pipeline bypassing the Straits of Hormuz—and where the terminal would be sited, Muscat or Salalah. A more serious proposal, according to oil experts, is a plan to site a second refinery at Salalah to process some of the heavier crudes from the southern oilfields.

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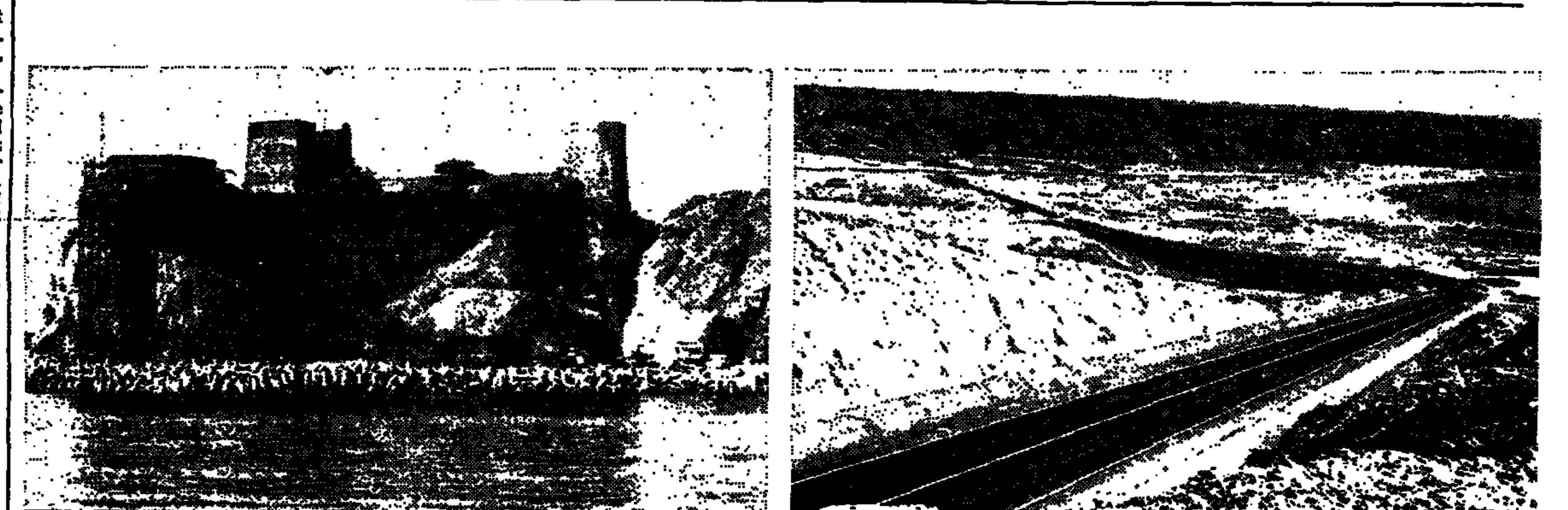

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OASIS

Five year plan stays on target

Development

IT IS easy to be glib about Oman's remarkable transformation over the past 12 years. Old hands will tell you that when Sultan Qaboos took over from his father the country boasted three schools, a weekly air service to Bahrain and 10 km of metalled road — a strip from the palace in Muscat to the old airport. Oman indeed started from scratch in 1970 — timing which had advantages as well as posing considerable challenges. First, comparisons that start from a zero base will always look good in people's minds and this constitutes an important fund of goodwill. Second, the focus of development is invariably so strong that other considerations tend to be swept under the carpet — which makes the issue simpler. Oman continues to be focused on physical development.

A number of fortuitous circumstances have helped Oman formulate a conservative planning policy. The lessons from the 1973-74 free-for-all and the subsequent prospect of oil revenues drying up were well heeded before real damage was done. In addition, oil revenues have not been so large as to produce domestic pressure for undue extravagance. Consequently Oman has been spared the large prestige projects with little social or economic value of some of its Gulf neighbours. Starting late, it has learnt from the mistakes of others.

Planning is supervised by the Development Council, set up in 1974 by its Secretary-General, Dr Sherif Lutfi, an Egyptian-born economist. The deputy chairman is the Deputy Premier for Economy and Finance, Qais Zawawi. Both hold the same posts in the Financial Affairs Council which works closely with the Development Council in co-ordinating finance and planning. The Development Council was responsible for formulating and publishing the Second Five Years Plan 1981-85 which is now coming to half-way through its life.

Three basic priorities guide its implementation. First is the need to extend infrastructure and public services to the interior and to stem the migration to the urban centres by providing work and a reasonable standard of living in the rural areas. Second, comes improvement of water resources by rehabilitating existing systems, implementing new large-scale projects and monitoring water sources and use. Third, is the aim of encouraging the private sector in four key areas: agriculture, fisheries, industry and mining.

Despite this slight widening of the plan's parameters, development projects still constitute the backbone of economic activity. And even though the Government is committed to a market economy with the private sector performing all but the essential government and social functions, the share of Government investment to total investment remains high — 65 per cent compared with 72 per cent in the First Plan.

Ambitious

The First Five Year Plan 1976-1980 was not unduly ambitious—though expenditure was 23 per cent above target, partly because of overspending but also because projects were added that were not in the plan. Oman, therefore, embarked on its Second Plan, a more ambitious undertaking envisaging an average annual rate of gross capital formation to GDP of 23.8 per cent, with a large part of the basic infrastructure in place. Total planned investment in the Second Plan is OR 3,323m, exactly twice actual investment in the First Plan. However, if oil and gas investment is factored out, the increase in investment is about 75 per cent — OR 2,160m against OR 1,237m — with most of the increase coming in the productive sectors and services and the percentage of infrastructure investment actually declining slightly.

There is very little change in the regional distribution of investment, with the capital area taking 28 per cent, the south 24 per cent and the other regions 48 per cent (of which Musandam for the first time is treated separately, taking 2 per cent).

The Second Plan is roughly on target. There has been some trimming at the edges and some projects like the Rusail power plant have been brought forward a year and others like the Qaboos University project, which appeared in the Plan without a cost estimate, effectively restyled. But funding for basic development — schools, clinics, hospitals, other social services and basic infrastructure — has until now been coming through on time.

Most analysts do not expect the fall in oil revenues to have a major impact on the Plan. "There may be some stretching. If a project was going to take five years, it could probably take six or seven instead, but not major cutback," said one. Fortunately, Oman is over the infrastructural hump. The port facilities are in place, the main roads built and sufficient power capacity is under construction to meet all needs. So there is little chance of bottlenecks developing. Most of the contracts for the larger projects have been placed, many with attractive credit terms.

The Plan's dependence on oil revenues should not be underestimated. Oil and gas are to provide 89 per cent of total government revenues (over the five years), of OR 7,368m. Other sources are expected to provide 4.7 per cent and grants and loans the remainder — about OR 480m. Soft loans and grants have been coming through to date but may be more difficult to find in 1984-85. Although allocations are tapering off now it is smaller projects that will be affected if funds run out. Regional development is most vulnerable.

"There will be slight cuts in projects in the regions, not because of saving but because of replanning," says Minister of Commerce and Industry, Mohammad Zubair. The problem, as he sees it, is that a number of projects have been added to the Plan.

Challenge

The Government has become heavily involved in financing private sector projects. "We prefer to leave it to the initiative of the private sector. However, sometimes the Government needs to take the initiative," says Mr Zubair. It has done so to the extent of either completely or in large part financing the Min al-Fahal refinery (constructed for strategic reasons against the conclusions of a feasibility study), two cement plants, a flour mill and a major hotel/conference centre to be built near Muscat.

Certainly the Government is more heavily involved in financing the private sector than it originally intended. The strong showing of the private sector between 1975-80—investment was 11 per cent more than planned—owed more to commerce and services than to industrial development. In trying to develop the institutions to allow the private sector to take root, flourish and find its own way, Oman faces a complex and difficult challenge.

Productive job creation is another major challenge. Estimates of the civilian labour force in 1980 put total private sector employment at 260,000, split equally between Omanis and expatriates. (A further 38,000 were employed in government, 15,000 of them expatriates). Whereas agriculture and fisheries accounted for 100,000 Omani jobs in the private sector, with the remaining 30,000 Omanis employed in other occupations, all but 4,000 of the 130,000 expatriates employed were in trade, urban services and industry.

The inexorable demand for cheap foreign labour to fill jobs which many Omanis cannot afford to take in the private sector even if they wanted to is a major dilemma in some observers' eyes. Dr Lutfi disagrees. He say there will be a labour shortage for Omanis over the next 20-30 years. The trouble, he says, is not with a lack of sufficiently well paid jobs in the private sector but with those Omanis who want the status of a desk job.

Government policy, in any case, discourages migration to the town. Dr Lutfi says the Government is aware of the problems of imported labour but at 18 per cent of the population the problem is manageable. Most of the 180,000 expatriates in Oman work in the construction industry.

Ahead lie other problems that the focus on physical development has tended to overshadow — decentralisation and human resource development.

The Plan makes allowances for a shift from project to current expeditures. These account equally for around 29.3 per cent of total expenditure, while defence and national security take 40.3 per cent, a slightly lower percentage than in the First Plan. It is an essential switch to make since maintenance and education take a higher share of resources, but a particularly difficult one to realise without falling into the trap of creating needless government jobs.

Another challenge will be to reduce the economy's growing dependence on oil. It now accounts for 65 per cent of GDP and a large part of the remaining 35 per cent is oil-related.

Alan Mackie

Rapid progress after start from scratch

Education

THE most basic and urgent social requirement for Oman is education which 12 years ago scarcely existed, except for those fortunate enough to be sent overseas. It is a requirement which stretches across all generations. Needs range from providing the most basic skills for the elderly to offering increasingly sophisticated courses to those younger people who one day should form the backbone of Oman's administration.

Because Oman has sought to bridge several decades in the past 12 years it is inevitable that the task of teaching should rest largely with expatriates. There are now nearly 7,000 teachers working in Oman, over 70 per cent of whom are Egyptian. The size of the country and the remoteness of rural communities, coupled with the pressure on facilities in urban areas, has meant that conditions vary from classes under canvas in the interior to a four-shift system operated at some schools in the capital.

Officials at the Ministry of Education say that with over 450 schools now operating compared with just three in 1970 the pressure of demand is still intense. Over 140,000 Omanis out of an estimated population of about 850,000 are said to be receiving some type of formal tuition even though in many cases it may be on an occasional basis.

Incentives

The pace of development has been such that opportunities for assessing the capabilities of teachers or of establishing a uniform syllabus are limited. In rural areas the Ministry is often more interested in finding a teacher willing to live there than in his or her particular skills. Additional incentives are offered to teachers willing to work in the interior, but even this is often insufficient.

There are hopes that graduates from the new teacher training institute, some of whom come from rural areas, will return home to work. But it is recognised that of the 360 due to graduate this year the percentage wishing to remain in the main urbanisations will be high.

By the end of this decade the current pressure on primary education will have worked its way through to the secondary schools of which there are now a dozen, half of them in the Muscat area. The sharp increase in the number of pupils requiring secondary education can be seen from the enrolment figures which have shot up from 943 students in the 1979-80 educational year to nearly 2,500 last year.

Under the current Five Year Plan 1981-85 government spending on education has been set at nearly OR 84m or some 6 per cent of total development expenditure by civil ministries. This figure is more than three times greater than actual spending on education during the first five-year plan.

But the icing on top of the Omani educational cake is undoubtedly the very ambitious and highly costly scheme for the creation of the country's first university. Predictably named Sultan Qaboos University it also represents a major coup for Cementation International, part of the British Trafalgar House group, which won the contract to construct the university complex. The total cost of the project is put at £215m. Under the financing arrangements British suppliers might expect to win orders of over £130m out of the £215m total. The Export Credits Guarantee Department has guaranteed the repayment and funding of a £138m loan to help finance the construction.

Building work has already started on the project and the first students are due to be admitted in September 1986. The 10 square kilometre site, which allows for further expansion, is 20 miles from Muscat and is designed to be virtually self-contained. The great majority of students will live on the campus and 510 houses are being built for what will initially be a largely expatriate teaching staff. Additional accommodation is being provided for technical service staff who will maintain the university.

The latest addition to the initial plans is for the construction of a 500-bed teaching hospital to complement the medical faculty. There is to be a small experimental farm for agricultural students on the campus and a larger 200 acre farm is to be provided nearby.

The other three faculties will be engineering, education and Islamic studies, and science. The annual anticipated intake of students will be headed by education and Islamic studies with 250 and followed by engineering (100), agriculture and science (80 each) and medicine (72).

Tuition will be provided without charge but Sheik Amer Ali Amir, who is secretary general of the project and answerable to the Minister of Education as head of the Foundation Committee, admits there may be difficulties in establishing entry requirements. A secondary education certificate will be obligatory but not a guarantee of a place. Sheik Amer says that the aim is to establish a university of quality without losing too many students along the way.

The planned facilities for the students would probably be the envy of many long-established universities with an ultra-modern library utilising the latest technology for information retrieval including a degree of computerisation. Accommodation and recreational facilities are planned of a similarly high standard.

Determined to shine: the look of intense concentration on the face of this Omani schoolgirl sums up the pent-up demand for education now being slowly satisfied

Traditions

Adherence to Omani custom dictates that while the sexes are taught jointly they will be physically separated in class. Separate entrances will be provided for male and female students in each classroom and a screen will divide them during the tuition. As one official explained: "The last thing this university must do is in any way upset the country's traditions."

Until the first students graduate from Sultan Qaboos University substantial use of overseas facilities will continue to be made by the Government in order to bring Omanis to degree standard. About 1,000 students are currently receiving higher education abroad with the U.S. and Britain the two most favoured destinations. Graduates from the university will also be encouraged to study for their PhDs abroad and then return as lecturers to Oman.

The scale and cost of Sultan Qaboos University has raised eyebrows among a few Omanis who fear that it may be as difficult to get off the ground as the five vocational centres now in operation. Although well equipped and designed they have simply failed to attract the interest that was expected.

It has been suggested that because much of the teaching at the university (apart from Islamic studies) will have to be in English this could prove an additional deterrent to young people who are already witnessing the opportunities that exist in Oman without a great deal of formal education.

Roger Matthews

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The country operates an extremely liberal trading regime but the Central Bank runs a tight ship, reports **Alan Mackie**

Lean years ahead after successful start to decade

Banking

OMAN'S 14 foreign and eight local banks have started the 1980s well. The National Bank of Oman (NBO), the largest bank in the country, has just reported an 80 per cent jump in profits for 1982 and other banks will have done well, if not quite so well.

The reason for the new found prosperity—Oman's banks went through a lean patch in the late 1970s—was the oil boom. Like many other banks in the Arab oil states, Omani banks were able to play the discrepancy between local interest rates and the high rates in the Eurodollar markets to make large profits. But with Eurodollar rates falling and foreign exchange earnings levelling out, Omani banks are beginning to feel the pinch. This year will be a year of consolidation for some and austerity for others.

An unusual feature of Omani banking is the way that foreign branches enjoy exactly the same privileges—they can, for instance, deal in local currency—as local banks. The reason lies in Oman's recent history. Until 1970 there were three banks operating in Oman: the British Bank of the Middle East (BBME), established in 1948 when it effectively acted as the Ministry of Finance; the Chartered Bank (1968) and Grindlays Bank (1969). The Central Bank (CBO) was not established until 1975 when a new banking law was introduced and prepared by American consultants Spear and Hill.

Credit source

Throughout the 70s the Omani Government relied heavily on credit from foreign banks operating in Oman. The good will generated from that time underpins the present relationship, although Oman has long since ceased to need such backing. Yet in the lean times ahead these banks could again become a useful source of credit.

The local banks rankle slightly at the financial muscle the foreign branches can command. On ruling, which limits a bank's lending to any one customer to no more than 20 per cent of its net worth, puts the local banks at a particular disadvantage.

"A local bank could not have rustled up a £100m l/c for some naval vessels as BBME did recently," the manager of a local bank said a trifle enviously. Local banks have to rely heavily on their correspondents or associates abroad to provide the backing they are not large enough to provide themselves.

The CBO has earned the respect of the banking community for the way it controls the banking system. Oman operates an extremely liberal trading regime; there are no exchange controls. But the CBO runs a tight ship. The minimum reserve requirement is conservative—5 per cent of deposits to be placed interest free with the Central Bank. Lending is restricted to 85 per cent of deposits while the restrictions on the growth of assets limit them to 27 times to capital.

Liquidity

The CBO also has excellent monitoring procedures: A centralised credit risk system requires that any borrowing over OR 20,000 be reported to the Central Bank credit risk analysis department. Banks therefore know immediately the indebtedness of any borrower in the market.

The oil boom has led to a significant growth in the commercial banks' net assets over recent years. They grew particularly strongly in 1980—by 42 per cent—and have been increasing at an annual rate of 25 per cent since. The rise reflects a near two-fold increase in time deposits while a steady 20-25 per cent annual growth in savings deposits over the same two year period reflects the success the banks have had in attracting the small saver. Domestic liquidity has consequently been rising at over 25 per cent a year.

An increasing proportion of funds have found their way abroad. Local interest rates are fixed: 9½ per cent maximum on deposits (interest on government deposits, exceptionally, are not limited by this ceiling) and 11½ per cent on overdrafts. Banks hav elittle scope to make profits on such a small turnover Banks have little scope to make and have, therefore, exploited the large differential between local and international interest rates.

The shift of funds abroad has been dramatic. A net foreign liability of OR 11.7m for all the banks in 1979 was changed into net foreign assets of OR 76.0m by the end of 1981 and has since risen to OR 88.7m.

This outflow has contributed greatly to the lack of liquidity in the local money market. The authorities have sought to control the outflow of funds by introducing a directive, since made into a regulation, that banks deposit no more than 40 per cent of their net worth in foreign holdings. They have also sought to limit the export of ryals by forbidding banks to hold ryal deposits in non-resident financial institutions and by limiting the amount of ryals a foreign company may remit abroad to 40 per cent of its working capital. The CBO also operates a foreign currency/ryal swop facility.

The CBO has also sought to improve liquidity by introducing a system by which it will rediscount 90-day commercial bills. A new regulation requires banks to hold no less than 10 per cent of all loans and advances in discounted bills. The idea has not been greeted with universal enthusiasm by the Omani commercial community which still feels uncomfortable with the concept of a Bill of Exchange.

"It is too early to say at this stage how it will work," according to one official. "The Central Bank president has the discretion to change the regulation in the light of circumstances," he said.

Another reason for the shortage of ryals in the domestic market are periodic ryal syndications which absorb the available liquidity. Arab Bank has been the leader in this field. One of the biggest was a locally syndicated OR 35m letter of credit for the Rusail cement works. Arab Bank took 39 per cent of the syndication. It also participated in the first totally Omani syndication in May 1982. An OR 7.35m loan managed by NBO and Oman Arab African Bank for the working capital of the Mina al-Fahal refinery.

Arab Bank has participated in a syndication to provide the local finance for the Qaboos University project and is also lead managing an OR 15m three-currency loan for the Oman Housing Bank. Citibank Muscat is the agent for the OR 2.6m local currency part of this package, which was jointly issued by Citibank, BBME, Arab Bank, and Bank of Oman, Bahrain and Kuwait. The sterling bonds were issued by Citibank Muscat and syndicated by Citibank London. Morgan Grenfell of London arranged the £134m sterling ECGD cover for the £215m project.

One suggestion to ease the drain on ryals is that all syndications should be in dollars—the currency in which most exports are paid. Another is that the Central Bank should attract term lending by allowing discounted paper for up to five years. Term lending is done almost exclusively by the Government's own banking agencies, the Oman Housing Bank, the Oman Development Bank and the Oman Bank of Agriculture and Fisheries. The local banks currently lend to finance trade (51 per cent), for working capital, mostly to the construction industry (16 per cent) or personal loans (15 per cent), usually to those Omanis with sufficient clout to raise credit and so increase their gearing cheaply. These loans usually finance real estate purchases or, until recently, buying in the Euromarket.

The CBO has been particularly interested in spreading banking to the interior. Banks are no longer being given permission to open branches in the capital unless they open two branches in the countryside, preferably in areas that are still unbanked. Some 175 branches have been authorised, of which over 90 per cent are operating. The competition for new deposits has given the thrust into the regions an added impetus.

NBO's general manager, Mohammad Shafi, attributes his bank's impressive growth—the bank is announcing an increase in profit for 1982 of OR 5.4m compared with OR 3m and an increase in net worth from OR 7.8m to OR 11.9m—to the policy of going out to the customers by opening branches.

Open mind

As the first local bank to open its doors in February 1973 "it had the field." NBO was into rural Oman before the roads. "There were branches in Masirah and Sur before telephones. The plane came in once a week and the books had to be balanced and all other business settled in the three to four hours before the flight back to Muscat," said Mr Shafi. The bank now has 48 branches. The next largest bank, BBME, has 18 offices.

NBO is extremely well plugged into the Omani commercial community and its strong Pakistani affiliations—the Commercial Bank of Oman and the Bank of Credit and Commerce International are both shareholders—have helped in providing an entree into the lucrative remittance business to serve which NBO has opened branches in Cairo and Abu Dhabi. NBO by virtue of its strong deposit base is now the principal source of ryals for the banking system.

The CBO is keeping an open mind on issuing new bank licenses. A five year moratorium was broken in 1981 when two new banks were established: the Oman Overseas Trust Bank and the Banque de Liban et d'Outre Mer. "It depends on who comes along and what they propose," a CBO official said.

Many feel that Oman is already overbanked. There are no plans at present to nationalise the foreign banks. Nevertheless, few doubt that one day "Omanisation" will come.

Government applies the velvet glove treatment

Private Investment

OMAN IS committed to giving the private sector as free a rein as possible in the country's development. The Government is counting on it to provide 35 per cent of investment in the Second Plan as against 28 per cent in the First Plan. But getting the private sector to put up risk capital is proving a problem.

To help it on its way the Government has set up a number of agencies to channel funds. The Oman Housing Bank, capitalised at OR 2m, provides low interest loans for home buyers in a programme which supplements the Government's own low-cost housing scheme. The Oman Agriculture and Fisheries Bank serves small farmers and fishermen, while the Oman Development Bank, capitalised at OR 10m, takes equity and provides medium to long-term subsidised funding for industry. To date the bank has taken equity amounting to OR 623,000 in eight projects varying from construction materials to agribusiness and has approved OR 16m of loans for projects with a total capital of OR46m. Loans have been made for ice plants, food processing, clothing and furniture manufacturing. The bank also does sectoral analysis and has done studies on plants to manufacture, among other things, light bulbs, detergents, suitcases and car engine filters.

The other major source of finance for the private sector is the Oman Development Fund. It was established in 1980 with a capital of OR 135m, of which OR 16m is earmarked in grants for small businesses, OR 10m for quarrying and the remaining OR 109m for industrial projects. Only joint stock companies with a 75 per cent Omani shareholding are eligible for such funding. Loans run for 20 years, with a five year grace period, and may be as much as 25 per cent of the total cost of the project. The investor is expected to put up an equal amount in equity and offer 25 per cent of the equity to public subscription. Outside the capital area the ratio of equity to loan may go as high as 1:1¼. Two loans of OR 6m have been approved and ten more are to be signed up soon.

Industrialisation

The private sector is being further helped by the creation of a 90-hectare industrial estate in Rusail. The first 77 small to medium-sized plots—eventually there will be 109 fully serviced plots — will be available for letting soon. By October last there had been over 40 applications.

Explaining the velvet glove treatment the private sector is being given, Minister of Commerce and Industry Mohammad Zubair said, "We don't want any adverse effect to produce a climate against industry. We always felt the private sector was not liquid enough." It is accepted that Oman has limited scope for industrialisation, principally in import substitution, but the authorities want market-generated grass roots industrial development in small to medium-sized operations, preferably using local raw materials.

The Government has already shown its willingness to take equity in projects to get them off the ground, depending on the perceived need of the project and the amount of capital required. A case in point is the Oman Development Bank, whose paid up capital was supposed to be subscribed 40 per cent by the government, 40 per cent by regional and foreign institutions and the remaining 20 per cent by the Omani public. Only 8 per cent of the public's shares have been bought and the government has taken up the remaining 12 per cent raising its own stake to 52 per cent.

With the Falaj Hotel project, the Government upped its stake to 63 per cent when private investors began to get cold feet. Then a year later, when the trading situation had been turned round, sold back the shares (setting aside a part of the equity to offer more cheaply to small shareholders) and also its original share stake.

The Government had not intended to be involved with the flour mill project. But public reluctance to invest forced it to take a 94 per cent stake, which has since been reduced to 60 per cent by sales to the private sector.

Mr Zubair says that there has been public pressure for a stock market. He thinks there could be some 30 companies eligible for registration — the companies must be of certain size, a non-speculative stock and trading profitably.

However, the authorities are treading cautiously on setting up a stock exchange—Kuwait's experience has been a salutory lesson. There have been talks with the Arab Monetary Fund over the past 18 months on the setting up of a trading room and recently Mr Zubair had discussions with the London Stock Exchange on the setting up of some form of stock market mechanism in Oman.

Foreign investment is welcomed in Oman, especially in ventures in priority development areas like agriculture, fishing, petroleum and light industry or import substitution projects. These venutres must, under the foreign business and investment law, have a minimum 35 per cent Omani participation and a minimum OR 150,000 paid-up capital, which can be reduced at the discretion of the Foreign Investment Committee.

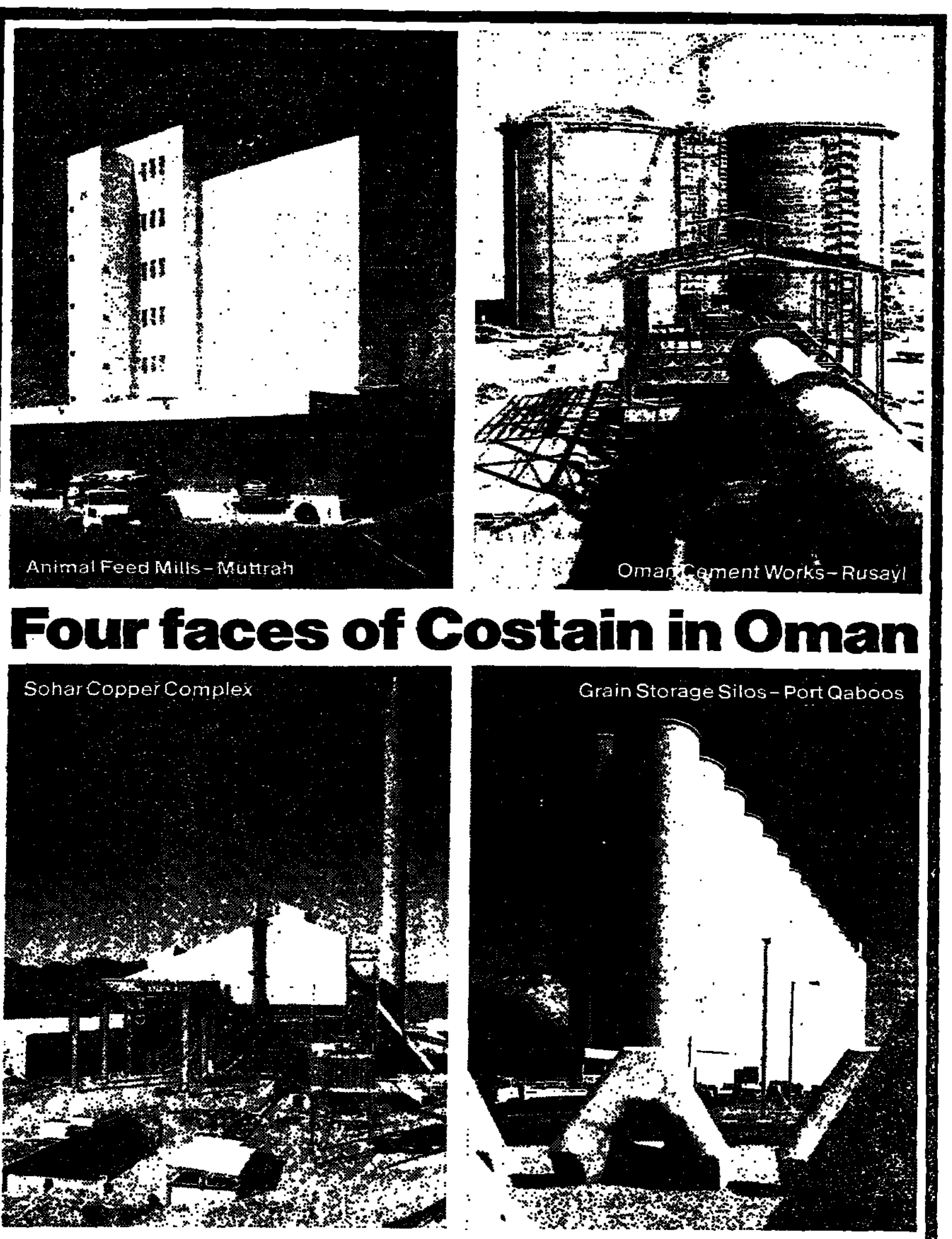
Cheap loans

The foreign equity participation is usually less than 25 per cent to take advantage of cheap loans from the Oman Development Fund. Invariably, however, the foreign capital is lower still; usually it is sufficient to satisfy the Omani authorities that the foreign concern has a vested interest in the success of the venture.

There is no personal income tax in Oman but any business is liable to tax on its net income above OR 20,000. For all concerns with a controlling Omani interest the rate is 15 per cent. Where the Omani interest is between the statutory minimum of 35 per cent and 50 per cent, the rate is 20 per cent. Wholly owned foreign firms have a graduated income tax starting at 5 per cent on profits of OR 5,000, up to 50 per cent on profits in excess of OR 500,000 a year.

There is an added interest in keeping the foreign shareholding as low as possible as local companies, or the Omani share in local companies, have been granted a tax holiday until 1985. However, projects that are designated for development and which have a capital of OR 100,000 are eligible for a five-year tax exemption renewable for another five years in their own right.

Alan Mackie



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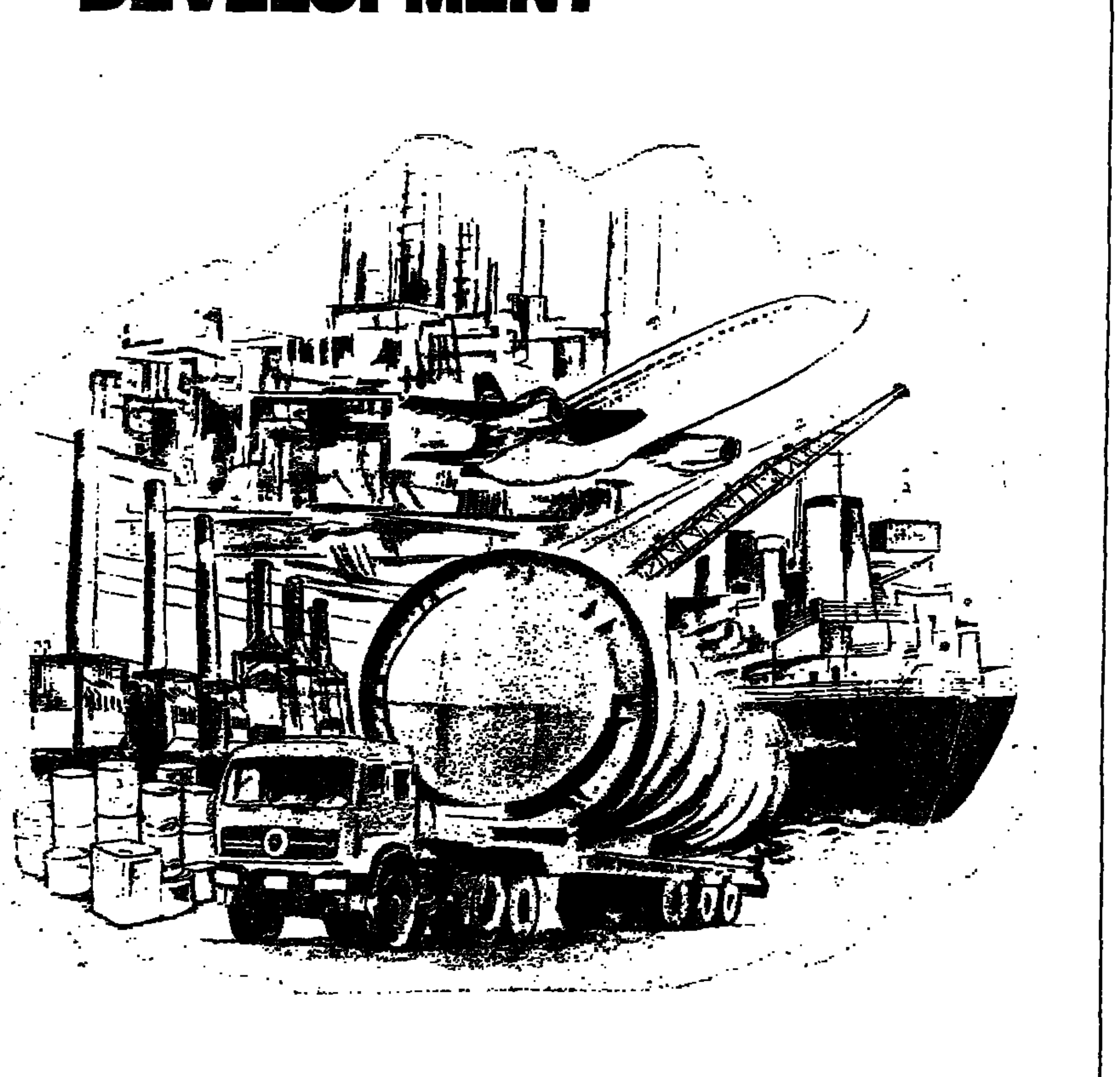

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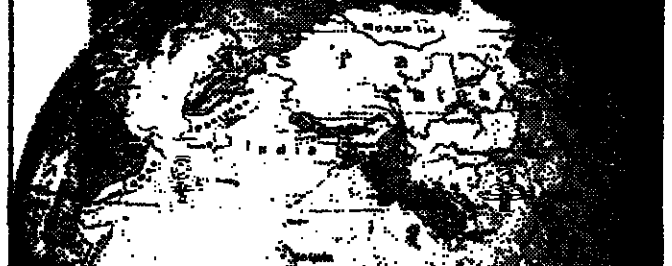

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Hopes of boosting farm industry

Agriculture

AGRICULTURE and fishing were the mainstays of the Omani economy until the discovery and exploitation of hydrocarbons. Even today it is estimated that at least 50 per cent of native Omanis derive their principal source of income from these two sectors. Yet, as with other developing countries which have discovered oil in sizeable quantities, the contribution of agriculture and fisheries to Gross Domestic Product has fallen dramatically.

During the period from 1976-1980 they contributed about 3 per cent of GDP. If the oil sector and related Government activities are excluded from the GDP calculations, agriculture and fisheries still only represent just over 13 per cent of the remainder compared to trade with over 35 per cent.

With oil revenues threatening to flatten out and the population likely to grow steadily over the next decade, the Government is predictably hoping that locally-produced foodstuffs can help to limit the pace of import growth, currently running in excess of 30 per cent. The development of agriculture is also an important counterweight to the magnet effect more affluent urban areas always have on poorer rural communities.

As Omani officials readily admit, planning is made more difficult by the absence of precise data, although enough is known to confirm that there are a series of persistent constraints which dictate the limited potential of the agricultural sector. The Ministry of Agriculture estimates that there are currently about 40,000 hectares of land under cultivation. Approximately the same quantity of land is thought under present conditions to be capable of cultivation—that is, without discovery of major new water resources.

Arable land

By the end of 1985, the ministry hopes another 1,000 hectares will have been reclaimed and that current soil tests and water searches will identify another 20,000 hectares of possible arable land. These optimistic guesses put into perspective the occasional claims that are heard of Oman achieving self-sufficiency in food production by the year 2000.

For this to be achieved the Ministry of Agriculture believes that another 100,000 hectares would have to be reclaimed, above and beyond its current estimates of what may be possible. The main thrust of government policy will therefore rest on expanding production in existing areas until a more comprehensive survey can be completed of marginal land.

The task for the Ministry of of Agriculture is not easy. After the persistent neglect of the past two decades, exacerbated by the fighting in Dhofar, there are parts of the agricultural infrastructure which can be rebuilt with an injection of funds and the use of existing manpower. The best example is the repair of the "falaj" irrigation system on which most of Omani agriculture depends. Some OR 22m is currently being spent on rebuilding the damaged parts of the complex system of underground tunnels and channels which carry water from wells to the cultivated areas.

Another OR 4m has been earmarked for developing an entirely new irrigation system in the interior and in the south of the country. During 1981, the first year of the second five-year plan, over OR 5m was spent on repairing "falajs" and wells and it was estimated that with work continuing at this pace there would be an increase of 30 per cent in the quantity of water available for cultivated areas by the end of 1985.

Rather more difficult for the Government, however, is to judge the correct mix of crops and then both to influence and educate the farming community. The latest imprecise estimates suggest that nearly 50 per cent of all arable land in Oman is given over to the cultivation of dates with no other crop, including traditional products such as limes, accounting for as much as 10 per cent. The apparent increase in date cultivation during the past decade is of particular concern to the Government as dates have low profitability, require relatively heavy watering and are not internationally competitive against similar Iraqi or Egyptian products.

Neither are dates the type of crop susceptible to the Government's plan for introducing greater mechanisation into Omani farming, already problematical because of the tiny average size of each holding. The average size of a holding is about one hectare and due to the dependence on sometimes widely separated underground water supplies there are limited opportunities for creating larger units even if it proved possible to convince farmers of the potential economic benefits.

The main governmental educational and research effort is based on its centre in Batinah province which is in turn linked to nearly 50 other smaller establishments all of which aim to offer advice and a number of products, such as fertilisers and seeds, at subsidised prices. A start has also been made on distributing more sophisticated machinery, particularly tractors, and on explaining available facilities for pest control.

In conjunction with the educational programme the Government has been seeking to make funds available to the farming community through the creation of the Oman Bank for Agriculture and Fisheries capitalised at OR 19m just over a year ago. There are plans for the bank to open branches throughout the country and during the first 12 months of its operations expected to make available some OR 3m in a mix of long-term investments and short-term loans for such items as seed purchases.

New projects

The Government has also set up the Public Authority for Marketing of Agricultural Produce which, as its name suggests, is trying to improve the distribution and storage of local produce. Other projects which have been completed during 1982 include a banana ripening and packaging plant in Salalah, and an animal feedstuffs plant near Muscat.

The prospects for the development of Oman's fishing industry are altogether more exciting. Before 1970, fish was an important export earner and the sea off Oman's 1,700 kilometre coastline continues to offer a rich and varied harvest.

Officials admit that data on the fishing industry is even less reliable than that in the agricultural sector, but estimate that last year's total annual catch was about 84,000 tonnes. The current five-year plan suggests that there is a standing stock of about 750,000 tonnes of demersal fish (such as rock-cod, snapper and cuttlefish) which would allow an annual yield of 300,000 tonnes plus the possibility of substantially increasing the present annual catch of over 40,000 tonnes of the pelagic species, of which sardines are by far the most numerous. In addition it is estimated that the annual crop of lobster could reach 45 tonnes and that there is scope for increasing the harvest of abalone and oysters.

During the first five-year plan the initial tentative steps towards organising the industry were made through establishing five fishing centres along the coast and subsidising a range of basic equipment for fishermen many of whom are still using the old traditional methods, such as net fishing from sail-powered dug-out canoes. By mid-1980 the Government had distributed nearly 400 modern boats and over 1,700 outboard motors for use with traditional craft estimated at some 3,500.

However, the lack of back-up facilities in often fairly remote areas meant that engines too often had a limited life span due to non-servicing and the absence of a transport system and cold storage meant that increased catches could not be easily distributed. Traditional Omani fishermen also have to be convinced that fishing can be a commercial proposition rather than a way of life designed only to sustain an immediate family group.

The first attempt to establish a large-scale commercial enterprise was made in 1980 with the creation of the Oman National Fisheries Company which is owned 60 per cent by private investors, 20 per cent by the Government and 20 per cent by individual fishermen. The company currently operates four deep-sea trawlers and a complex at Muttrah consisting of a processing plant, freezing and storage facilities. In the 12-month period ending in August last year it reported a catch of over 5,000 tonnes and in 1981 said that it had made a profit of over $1.2m.

The company is negotiating for the purchase of further trawlers and during this year is anticipating a substantial increase in its catch, the majority of which is frozen and exported. The operation of the trawlers should have benefited from the work of the $400,000 fishing survey vessel *MV Darbat* which has charted the entire Omani coastline. Additional studies are under way, particularly in the Musandam peninsula area.

Agreement

Between 1975 and 1977 the Government operated an agreement with a Japanese consortium for fishing rights off the southern coast but this was subsequently transferred to the Korean Overseas Fishing Company. The Omani Government takes 30 per cent of the catch which at less than 7,000 tonnes in 1981 was significantly below early expectations. With the planned expansion of the Oman National Fisheries Company and an agreement signed with the U.S. to provide technical assistance and training, the Government may decide that there is little to be gained from continuing the agreement with the Koreans.

However, as the second five-year plan recognises, the main target of government policy is the development of traditional fishing as both an area of economic growth and as a means of combating the distorting effects of a rapid increase in oil revenues. Its successes are likely to be more immediately visible than in the agricultural sector where traditional structures may prove highly resistant to change.

Meanwhile local produce from both fishing and agriculture will hopefully continue to enliven the menu at the Holiday Inn at Salalah where for a relatively modest sum you can be served with shark and chips to be followed on feast days (and with 24 hours advance notice) with a whole roast goat priced at around £170.

Roger Matthews

Much of Oman's agriculture depends on the traditional "falaj" irrigation system, pictured above. The Ministry of Agriculture is devoting a large part of its budget to repairing and developing these irrigation channels which had either fallen into disrepair or been damaged during the fighting in Dhofar province

Liberal regime brings strong rise in imports

Trade

THANKS TO the oil boom which has provided the funds to finance imports, the private sector has done very well for itself, principally in trade and services. Oman's oil exports have more than doubled in the past few years, rising from $2,161m in 1979 to an estimated $4,424m in 1981. Non-oil exports in 1981 of $145m were mostly re-exports. Direct exports were a negligible $19m, consisting mainly of fish, flour, dried limes, fruit and vegetables.

Oman has an extremely liberal trade regime. There are no import duties on insecticides, books, petroleum products and a wide range of foodstuffs . A flat 2 per cent duty is imposed on most other items, the exception being alcohol, which attracts a 75 per cent duty. A 25 per cent tariff is applied to banana and potato imports to protect local production and could be posted on other products.

Imports have risen dramatically in the past five years in the wake of the oil and development boom. They more than doubled between 1978 and 1981 from OR 327.2m to OR 790.3m and at the half year were running 30 per cent higher than in the first six months of 1981. Around 45 per cent of first half imports of OR 494m were machinery and transport equipment. Manufactured goods made up another 18 per cent.

The most remarkable change in import patterns has been the reversal by Japan of the UK's dominant market position. Between 1977 and 1981 Japan increased its market share of imports from 13.6 per cent to 22.6 per cent while the UK's share fell from 23.1 per cent to 14.5 per cent. Both countries have managed to increase their market share in 1982. British exports are running 50 per cent higher.

Third largest

A large part of Japan's exports were cars. About half of UK exports was construction equipment, as was the case with the U.S., now the third largest exporter to Oman, with 8 per cent of the market. The U.S. also supplies equipment to the oil industry. Other European countries have an insignificant export trade with Oman, finding it difficult to break the hold the UK and Japan have over the market and feeling its size insufficiently large to warrant a major drive. German suppliers usually find themselves priced out of the market.

The UK has made a very great effort to consolidate its market share, maintaining a £250m ECGD ceiling. Two major projects, Qaboos University and the Rusaid power plant are being financed with ECGD credits. However, despite a strong traditional attachment in Oman to things British, poor delivery times and the vagaries of sterling's fortunes on the foreign exchange market have made significant inroads into that goodwill. The centre of gravity of Oman's trade is, in any case, shifting eastwards towards Japan, Taiwan and Singapore. Japan traditionally takes 50-60 per cent of Oman's oil, although the amount will be slightly lower in 1982.

There are already signs of imports in most commodities levelling off. However, demand for vehicles and construction equipment is unlikely to falter for another year or two. There are now an estimated 117,000 vehicles in Oman, principally Japanese Mazdas and Toyotas but with the road network continually expanding demand is likely to remain strong.

As the road system to Saudi Arabia and the UAE improves, Oman could become an increasingly important entrepot for the peninsula's hinterland. Toyotas are already being sold to Saudi Arabia through Oman and Mazdas to the UAE. During the Iran/Iraq war Muscat received extra business from shippers who preferred to discharge in Muscat rather than brave the Straits of Hormuz to unload more cheaply in Dubai.

Another feature of Omani trade is the re-export business through the UAE. In the past few years most of Oman's imported food has been coming through Dubai. Traders have taken advantage of heavy overstocking of foodstuffs in Dubai for Iran, which ceased purchasing 18 months ago, to buy cheaply. The size of the business — around 15 per cent of imports — reflects the strong free market ethos that the Government has actively encouraged and the relative confidence of Omani traders to go for the cheapest markets.

Forced out

The largest Omani agents, such as W. J. Towell, Al Darwish Enterprises and Suhail and Saud Bahwan, are well established businesses with track records of sound management. Muscat is an efficient port and traders have a tradition of clearing stock quickly. Yet despite their professionalism one or two big wholesale food importers have been forced out of business by the growth of the re-export business with Dubai and many fear that the start of government food purchases will spell the end for them.

Minister of Commerce and Industry Mohammad Zubair categorically refutes any suggestion that this heralds the start of government subsidisation of basic commodities. The Government is, however, building up a strategic reserve in Muscat of five basic foodstuffs, including wheat, rice and sugar, which will be turned over regularly and sold at prevailing market prices.

Alan Mackie

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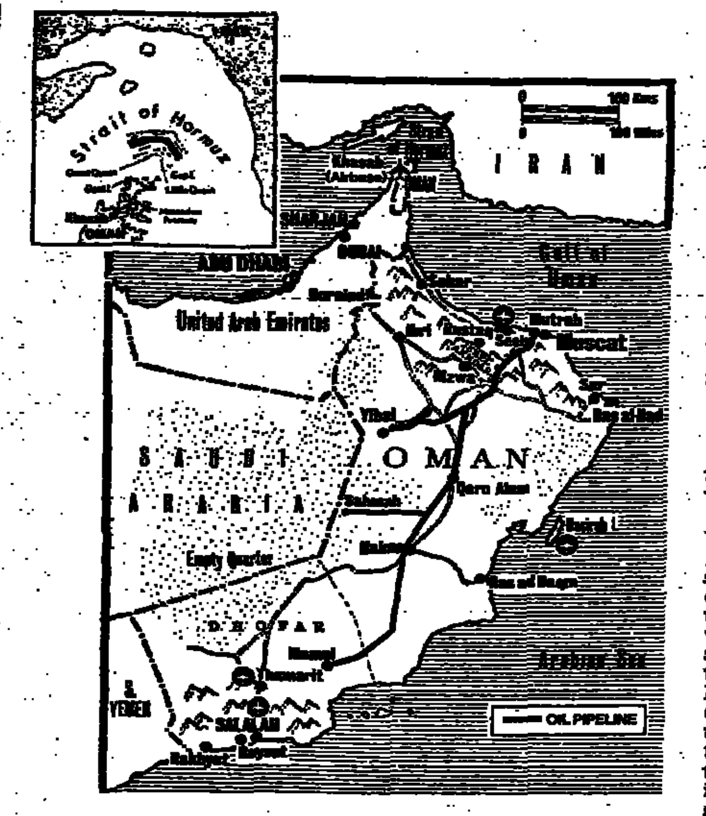
Competition mounting in all spheres

Doing business

"I'D GO back to Oman like a shot." The young banker was looking out over the dust-laden tenements of Cairo, contemplating the complexities of life in the Middle East's and Africa's largest city. By comparison, Oman was a piece of cake, he said, and fun.

Expatriates in Muscat tend to be unduly defensive about their adopted home and their role there. It is because most of them cannot believe their luck. Where else as a Britisher these days can one so easily enjoy the more innocent perquisites of the Raj: a well-paid job, a beautiful country with oodles of space and every conceivable outdoor activity well within one's pocket, a simple life, and pleasant people? Moreover, their womenfolk can lead normal lives without feeling restricted or repressed in an environment that is one of the safest in the world.

No wonder the expatriates come back for two, three, four tours of duty and would happily work there for a fraction of what they could get in Saudi Arabia. Moreover, it is generally accepted throughout the foreign community, down to the humble Asiatic street cleaner, that the expatriate gets a better deal in Oman than in any other country in the Middle East.



Housing

However, Oman is not easy to get into — nor is it cheap. The authorities have been able to preserve this latter-day Eden (Oman is reputed to be one of the sites of the Garden of Eden) by strict controls on those they allow in. Everyone has to have an NOC (No Objection Certificate) for which a sponsor in the country has to apply. Entry is not thereafter automatic. An old hand who visits Oman regularly was turned away shortly before the National Day Celebrations last year because the authorities suddenly took exception to a Libyan stamp on his passport.

For the resident, the biggest single expenditure is housing. The Government and Petroleum Development Oman (PDO) have recently started giving rent allowances to their employees instead of providing housing, and this has put intense pressure on available accommodation.

Although there is plenty of new accommodation being built, prices have shot up to meet the temporary shortage. It is common now to pay OR 1,000 a month for a three-bedroom apartment in the better neighbourhoods and to be asked to pay a year or more in advance.

The steep rise in accommodation costs has greatly increased the cost of maintaining an expatriate in Oman—now around $120,000 a year—and is the principal reason why the cost of living for expatriates is rising at 20-25 per cent when the nation inflation rate is 10-15 per cent.

There is not a large choice of hotels in Muscat. The most expensive, and certainly the most unusual, is the Intercontinental, which is situated out of town on the beach half way to Seeb Airport. Single room rates run around OR 37 a night and a meal for two with wine at the prestige restaurant to over OR 40. The Gulf Hotel, situated on a cliff some 3 km nearer town in Qurum, is slightly cheaper.

However, both hotels suffer from the major snag of being at the wrong end of Muscat's single arterial road. Because of the phenomenal growth in traffic over the past two years it can now take up to ¾ hour to reach Ruwi, in the morning rush hour, from the Intercontinental and over an hour to the Muscat fort.

Flyovers are being built on the main road and a new ring road is being constructed from Darsait to Qurum which will ease the congestion but will not solve the problem of the cost of taxis; OR 3-4 into Ruwi, from the Intercontinental and OR 4-5 into Muscat. Taxis in town cost OR 1-2, and service taxis which run between Ruwi and Muttrah and Muttrah and Muscat OR 0.20. Hiring a car—Avis has a concession in Oman—will prove cheaper if one has many calls.

There are three hotels downtown: the Falaj Hotel, roughly the same standard as the Gulf Hotels; the Ruwi Hotel, an old landmark which is being overwhelmed by new construction around it; and the Muttrah, a cheaper hotel situated on Muttrah High Street in the heart of the banking district. Although the decor is a little spartan the Muttrah Hotel is reputed to have the best food in Muscat. There are not many other places to eat out; there is a good Chinese and one or two other ethnic restaurants and the Mina Hotel at Muttrah Port which is known for its fish.

The key decision to doing business in Oman is finding a good agent. It is not necessarily advisable to approach one of the big merchant houses, unless you have a particularly well-known name or are considering a major project, as they already have well-established interests. The services of a professional sponsor, usually a local personality trading on his name and contacts, could be equally disillusioning. Better to find a small energetic agent who can spend time promoting your interests. His advice on the best way through the bureaucratic hoops and his market intelligence on upcoming tenders could be critically important.

All goods have to enter Oman through licensed agents registered with the Ministry of Commerce and Industry. These must either be Omani citizens or businesses with a controlling Omani interest. Exceptionally, government contracts do not have to be placed through an agent but some Ministries appear, nevertheless, to enforce the requirement. It is worth noting, especially for American readers, that a number of Omani companies are controlled or part-controlled by government officials, despite recent attempts to legislate against such conflict of interest and that to do business with them could run foul of their domestic legislation.

Foreign companies wishing to establish a presence in Oman are not obliged in all cases to take Omani partners. It is government policy to exclude foreigners from services such as trade, but they are permitted to operate in specialised fields such as banking, accounting, legal work and as architects. It is sufficient in these cases that they be registered with the Ministry of Commerce and Industry to be established.

Companies working directly for the Government or which are exempted by Royal Decree may also operate as wholly owned foreign subsidiaries; but in practice there are none. The last example was PDO before the government took a 60 per cent stake. All non-professional foreign presences in Oman need effectively to be in a joint venture with a minimum 35 per cent Omani shareholding. In practice the Omani partner has a controlling interest for tax reasons and to enable the enterprise to obtain cheap funding.

Payments

Oman is a sought-after place to do business, whether trade or contract work, because payments are made promptly. However, it is now an extremely difficult market to break into, especially the construction sector.

All contracts, except defence contracts, over OR 100,000 are handled by the Tender Board—below this figure they are processed by individual Ministries. There is no formal prequalification process, the only requirement being that foreign concerns submit a 5 per cent bid bond through an Omani sponsor or partner. A performance bond is posted after the contract has been awarded.

Competition is mounting in all spheres. Job security, especially in the Civil Service, is increasingly tenuous as Omanis take over more and more positions. The process is already gathering momentum in the army but is less advanced in other sectors. The percentage of Omanis in government jobs is still only 62 per cent. Another major employer, PDO, does not expect Omanisation to become really effective for a few more years yet. Around 60 per cent of its 3,400 strong workforce is Omani, mostly in junior grades. Nevertheless, expatriates are being made increasingly aware that the length of their contracts is the time that it will take for an Omani to fill their place.

Alan Mackie

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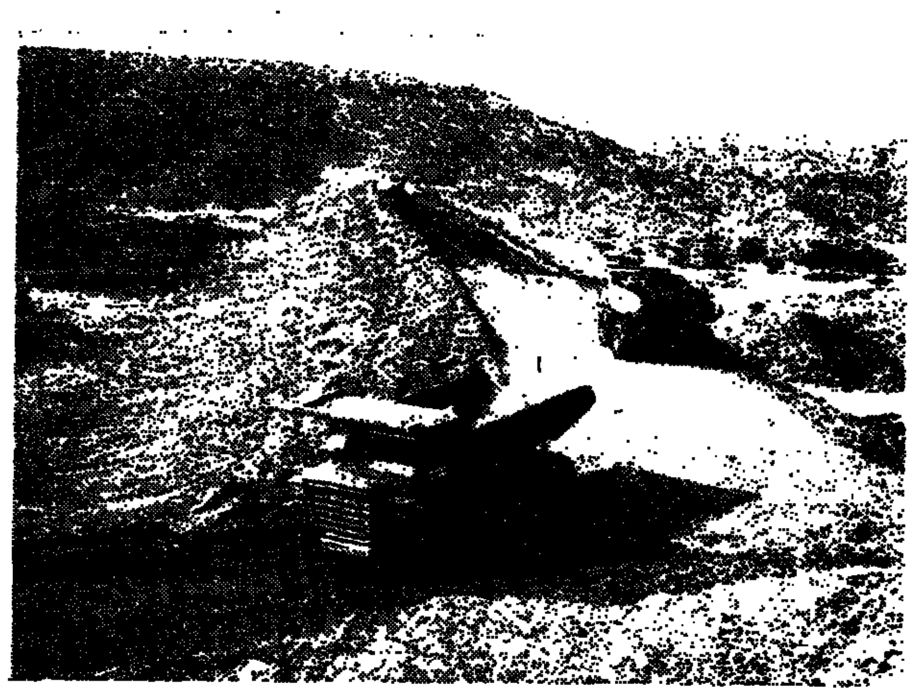

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How the rebel South was won

Dhofar

THE SOUTHERN province of Dhofar is best known for frankincense, which grows wild in the arid scrublands behind Salalah, and the civil war which threatened in 1970 to dismember Oman. Apart from the Salalah basin, which is well watered from monsoon precipitation seeping through the porous limestone mountains that ring the plain, the Dhofar is a waterless wilderness, about the size of Portugal, inhabited by 20,000-30,000 tribesmen who move their herds of cattle around in search of grazing.

The civil war ended in 1975 when an amnesty successfully rehabilitated the rebels in government jobs and the "*firqat*" (local militia) but tensions with South Yemen, which backed the rebels, did not formally end until last November when Gulf persuasion finally prevailed on both parties to sign an agreement. Omanis are still suspicious of South Yemen's intentions but in fact the border has been quiet for a number of years and the absence of a formal agreement has not hindered development.

The way the south was won from the Communist insurgents had a profound bearing on development. When Sultan Qaboos came to power in July 1970 the rebels held the mountains behind Salalah and were at the city gates. What turned the scales was first, an injection of military material and personnel from the UK and then a desperate battle for the hearts and minds of the tribesmen in the hills.

Development

This conformed to a classic pattern: military advance, the securing of means of access, which invariably meant the construction of dirt roads; the setting up of boreholes to drill for water; and the hasty construction of a mosque and a store to distribute goods. These first "administrative centres" were little more than a few corrugated shacks but they set the pattern for development.

Today there are 48 such centres either built or under construction incorporating the same basic functions together with government offices, health care centres and veterinary clinics for the tribesmen's cattle.

Despite the successful development record and political stability the central government maintains a tight grip over the region and local autonomy is not encouraged. The governor of Dhofar, Sayyid Hilal Bin-Said Bin-Hareb al-Bousaidi, is a Minister of State with cabinet rank and four representatives from the south sit on the 45-strong State Consultative Council in Muscat. Although all development is structured within the national plan, the governor does in fact have some discretionary powers. Not only does he have a separate development office, he also has his own budget which provides funding for water projects.

As the drilling of water boreholes is perhaps the most important economic activity in the south—ADC of Jordan has a near monopoly on such water prospecting and has work for a good five years—control of the water budget gives the governor some political discretion. He also appoints the eight deputy governors who administer the largest administrative centres. It is government policy to develop the administration centres as a means of settling the tribesmen in the countryside and checking their migration to the towns.

The south has done particularly well from national development funds and will continue to do so in the current Five-Year Plan. Some 24 per cent of total investments are earmarked for the south—by far the largest expenditure per capita of any region. Dhofaris say this is because they started later and had leeway to make up. To date the region can boast 400 km of tarmac roads, with at least another 400 km of dirt roads.

Most of the basic infrastructure is now in place. Salalah has a container port at Raysut, where a 210,000 tonnes-a-year cement plant is in the last stages of completion and an efficient airport. In November direct dialling to Muscat was introduced and on National Day the upgraded Salalah water network was opened. An agricultural research centre, a new road to Maryut and an electricity substation at Mirbat were opened the same day.

The biggest project on the books—a project that is in the national plan but has no funds earmarked for it—is the Salalah sewerage project. The OR 45m needed may prove a problem to raise, although Sultan Qaboos is believed to be taking a personal interest.

Financing has not so far been a problem says the governor Sayyid al-Bousaidi. All the projects in the First Five-Year Plan have been completed and planned expenditure under the Second Five-Year Plan 1981-85 is on schedule. Funds from the central government have been arriving and are being disbursed on time, he says, despite the financial squeeze.

Most economic activity will continue to be in infrastructural development and the improvement of services such as schools, hospitals and housing. Industrial development has only limited scope in the south given the limited resources and small population. Agricultural development would be largely restricted to the Salalah plain, where at present around 8,000 hectares are farmed.

The great majority of Dhofaris who have settled in Salalah work in the government or the army. A thriving 20,000-strong expatriate community, mostly from the Indian subcontinent (Salalah's total population is 40,000 to 50,000) dominate the city's commercial life and provide most of the services. What little industry there is — the cement plant, a small dairy and vegetable farm and a banana-packing plant — provides as much work for expatriates as for Dhofaris.

Generous

The most important potential source of income for the south is oil. The national oil company, Petroleum Development Oman (PDO), has developed fields at Marmul and Rima north-east of Salalah inland. Amoco is prospecting at Kuria Muria Bay. The prospects for further finds are good but the crudes are heavy and need to be mixed with lighter oils from the north to be marketable.

Oil is not yet a political issue in the south, partly because the region already gets a generous share of development funds and partly because there is not yet sufficient political consciousness to demand it. However, there is talk of a refinery (Oman's second) to be sited at Salalah but this is contingent on new finds making it viable.

Another potential problem is the high population growth rate — which could be as high as 4 per cent. This could create employment problems a decade or more hence.

For the local community continued development in the interior will offer the best, if diminishing, prospects for productive work. The military, which has greatly contributed in the past to development, is likely to take a lower profile.

However, these are longer term problems—as will be the pressure for regional autonomy, especially if the pressures build up on restricted resources. As of now the winning and the development of the south has been a remarkable success story.

A. M.

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Independent role wins respect

Foreign Policy

FOR A COUNTRY with such a small population and such a large land area and coastline to defend Oman has exercised remarkable independence in its foreign policy, particularly in its relations with other Arab nations. Sultan Qaboos has proved one of the most consistent Arab leaders, refusing to modify the main tenets of his foreign policy even when the pressures on him have been at their most intense.

The clearest example of the past five years has of course been Oman's refusal to accept the Arab consensus that Egypt should be suspended from membership of the Arab League after the late President Sadat's visit to Jerusalem or the boycott which was imposed as a result of the Camp David agreements and the peace treaty with Israel. Oman stood by Egypt throughout and believes that subsequent events are demonstrating the wisdom of its action.

It is argued in Muscat that had other Arab countries and the Palestine Liberation Organisation seized the opportunity created by Mr Sadat the pressure on Israel to negotiate a just settlement could have become overwhelming. Instead the Arab world has suffered a succession of tragedies, culminating in the disasters in Lebanon last summer. It is with no little satisfaction that Oman is now witnessing efforts by moderate Arab regimes to improve relations with Egypt.

The key to Omani attitudes is to be found in its deeply imbedded hostility to Communist ideology and to attempts by the Soviet Union to extend its influence in the Middle East. This ideological hostility, coupled to Oman's "guardianship" of the Strait of Hormuz, has encouraged the Government to think in wider strategic terms. President Reagan must be well pleased with the pronouncements made by Sultan Qaboos on the global threats to world security.

These threats emanating from the Soviet Union have been intensified in the Omani case by its war with the rebels in Dhofar province who were backed by the Marxist Government in the neighbouring People's Democratic Republic of Yemen. Omani officials argue that direct experience of war has given them a sharper appreciation of Soviet designs than fellow Arab governments in the Gulf which only latterly begun to understood the threat they face.

Invasion

The Soviet invasion of Afghanistan and the collapse of the Shah's strongly pro-Western regime in Iran provided further fuel for the Omani arguments and helped spur moves towards the formation of the Gulf Co-operation Council (GCC). The inaugural summit in May 1981 of this six-nation grouping comprising Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar and Oman was a moment of considerable satisfaction for the Government in Muscat, even though a residual irritation persisted as a result of the initial unwillingness of Heads of State to give greater weight to security issues. However, the Iranian-sponsored attempted coup in Bahrain and continued dangers to the region posed by the war between Iraq and Iran have again appeared to swing the argument in Oman's favour. The defence proposals put forward by Oman at the inaugural Abu Dhabi summit, and politely put to one side by the other Heads of State, are now back on the table and under serious consideration.

Oman has meanwhile continued to co-operate more or less openly with U.S. efforts to develop facilities in the Gulf for America's Rapid Deployment Force. Operations "Bright Star" and latterly "Jade Tiger," both involving elements of the RDF, have been staged on Omani territory, although there are clear indications that Muscat is now paying more heed to appeals from other GCC members that such exercises should receive the very minimum of publicity.

Oman's relative unconcern about the impact on its population of the close military relationship with the U.S. contrasts sharply with that of Kuwait, for example, which has been attempting to persuade its GCC partners to adopt a more even-handed attitude to the two super-powers, even to the extent of establishing diplomatic relations with the Soviet Union.

It was therefore not surprising to find Kuwait playing a key role in recent attempts to mediate between South Yemen and Oman. Extreme caution is being expressed in Muscat at the long-term significance of last October's agreement between the two countries to work towards normal relations and it is likely that Oman will require a sustained period of Yemeni non-interference in its internal affairs before ambassadors can be exchanged.

The initial signs, however, have been hopeful, with Aden dropping its radio propaganda war against Sultan Qaboos. However, South Yemen did not allow Operation "Jade Tiger" to pass without comment and immediately accused Oman of violating the October agreement by permitting U.S. military exercises on its territory. Kuwaiti officials remain confident, however, that further progress will be made and that the process is under way by which South Yemen will be slowly weaned away from its close relationship with the Soviet Union.

Mr Youssef al-Alawi, Oman's Minister of State for Foreign Affairs, has emphasised that his government will use every opportunity to encourage the development of relations with South Yemen and suggests that Aden might benefit significantly from such a trend. Members of the GCC are understood to have discussed the possible provision of economic aid to South Yemen which would be unofficially tied to "modifications" in Aden's foreign policy. The suspicion remains, however, that the Yemeni willingness to consider a rapprochement constitutes more a change in tactics than in long-term strategy. The Soviet Union must equally be aware that it stands little chance of improving its standing in Oman through encouraging South Yemen further along the road to reconciliation.

Mr al-Alawi, who is viewed in Muscat as the first of the younger generation of Omanis to reach Cabinet rank, insists that unlike the Western nations the Soviet Union has no vital interests to protect in the Gulf. He sees no cause for Soviet involvement in the region and no reason for trade or financial links with Moscow. "There is quite simply no need at all to open the door to them," he says.

Relations with Western countries, particularly Britain, are by contrast as strong as ever. During the next 10 years there will certainly be a requirement to lessen the more visible aspects of the British presence in Oman but the emotional attachment of Sultan Qaboos to the country where he received an important part of his education seems unlikely to diminish significantly.

If this "special relationship" is sometimes a source of irritation to the U.S., considerable efforts are made to play it down. The American presence in Muscat is modest and low-key, owing more to the Arabists of the State Department than to the hawks in the Pentagon.

There is undoubtedly frustration at the grip Britain maintains on armament sales, especially at a time when Washington is investing heavily on upgrading military facilities in Oman. But the occasional jibe at the "colonial" attitudes of a few British advisers in Oman does not dent the overall appreciation of the part European countries have played in the development and stability of Oman.

Correctness

Oman's appreciation of its domestic achievements and perceived correctness in its judgment of international issues is also likely to have an impact on the development of its foreign policy. This is demonstrated on the more practical level by an ambitious programme to extend its diplomatic representation abroad and in policy terms on a more assertive role in the Gulf.

While Oman's armed forces remain small they are nonetheless increasingly well equipped and capable of delivering an initially potent punch at sea and in the air. They compare very favourably with other nations in the area with similarly small populations.

The emergence of greater Omani self-confidence will undoubtedly assist Gulf security at a moment when the stresses of the Gulf war could push Iraq or Iran towards acts of increasing desperation.

Roger Matthews

Omani seamen working on the armament of a gunboat before leaving the harbour at Goat Island to patrol the Strait of Hormuz. Naval and military facilities on Goat Island are being developed to counter any possible threat to the West's vital oil supply routes

Strong protection for the oil lanes

Defence

SHOULD AN attempt be made one day to strangle the industrialised world's flow of oil from the Gulf a British Naval officer on Goat Island may be the first to know. With the aid of a newly installed Sperry computer linked to an unmanned radar station on Qoins Island, the officer is provided with an immediate readout of every ship passing through the Strait of Hormuz and an accurate picture of every vessel arriving at or leaving Iran's main naval base and commercial port at Bandar Abbas.

The officer would be one of several hundred on contract or seconded to the Sultanate's armed forces and he presides over a rapidly developing outcrop of rock which is the symbol of Oman's strategic importance to the industrialised world. The main daily function of the computerised radar is to monitor the operation of the traffic separation scheme for tankers passing through the Strait.

However, the regular interest shown in Goat Island by Iranian surveillance aircraft also indicates that it is becoming a base of some importance. Barracks are nearing completion for troops who will be garrisoned there for the first time and an armoury is being constructed deep beneath the rock for storing weapons, ammunition and the now renowned Exocet missiles carried by Omani warships.

Expansion

No officer is pretending that the rapid expansion of the Omani navy could ever be presented as offering a credible option for maintaining freedom of navigation through the Strait. But they are all confident that the navy has a growing capacity to deter, especially following the delivery recently of the first of three Province class ships which will each carry six Exocets. With a top speed of 35 knots and a capacity to operate in very rough weather, the first vessel to become operational, the Dhofar, is likely to be deployed in the Hormuz area during the course of this year. The Dhofar will supplement the small Bravo boats, also armed with Exocets, which currently patrol the northern Omani waters.

Although unquestionably vulnerable to air attack during daylight hours, the Bravo boats are ideally suited to take full advantage of the many deep-water inlets around the Musandam peninsula where radar detection is particularly difficult. "Even a very powerful warship would have to think twice before steaming within 20 miles of the Omani coast during a period of hostilities," claimed a senior officer. The advent of three Province class ships, with perhaps more to follow, will significantly increase the potential risks for enemy vessels.

If action were ever to be taken in an attempt to prevent ships passing through the Strait—as Iran has hinted in the past—Omani officers believe it would most likely come in the form of a selective blockade. Certain tankers would be challenged by surface vessels and warned not to proceed. Their movements would, however, be detected by the Goat Island radar well before they reached the shipping lanes.

Iran has never mounted a full challenge to Oman's policing of the Hormuz traffic lanes, which are within the 12-mile territorial limit claimed by Oman. But a little over a year ago an Iranian vessel apparently purposely violated the traffic scheme and when challenged by the Omani navy replied that it was not within Oman's territorial waters. Since then there has been no similar incident.

As in other branches of the Omani armed forces, the navy is likely to remain dependent on a coterie of expatriate officers for some years to come. There are an admitted 100 expatriate officers, mostly British in the 2,000-strong navy. The Dhofar and two Bravo boats are captained by British officers and another four Bravos have entirely Omani crews.

The increasing sophistication of modern weaponry is a major handicap to attempts to speed up the "Omanisation" of the armed forces. While the Omanis are traditionally skilled seafarers, the desire of Sultan Qaboos to acquire ever more modern equipment increases rather than diminishes the requirement for highly technically trained officers. It is officially claimed that the numbers of British officers and men in Oman has been significantly reduced but comparisons tend to be made with the period up to 1975 when the Dhofar rebellion was still raging.

The land forces, in contrast to the navy, faces a steadily less potent external challenge. The agreement between Oman and South Yemen to work towards more normal relations has confirmed the now well-established reduction in tension on the border between the two countries.

At Sarfait, 4,500 feet above sea level and at some points only 1,000 yards from the forward South Yemeni positions, it is understandable if at times the British-officered garrison appears to take almost as much interest in the exotic local wildlife as in the activities of the putative enemy. The occasional sighting through binoculars of what may have been a Soviet or Cuban adviser stirs only momentary interest and no longer has much international significance on a border which has not witnessed a serious military incident for some years. From the questioning of refugees who still slip across the border Omani officers believe the Yemeni troops to be ill-equipped, sometimes poorly fed and suffering from generally low morale.

In contrast, the modernisation and training of the Omani army continues apace. Total strength has now reached 17,500, with a major increase in firepower and mobility achieved through the acquisition of a squadron of British-manufactured Chieftain tanks to complement the squadron of American-made M60s. Scorpion light tanks are also being purchased to replace the now outdated Saladins. The formation of a parachute regiment plus increased numbers of helicopters and transport aircraft have also provided the army with the capacity to move reinforcements swiftly to potentially vulnerable areas such as the Musandam peninsula.

The rate of air force development is officially constrained by the pace at which suitably qualified Omanis can be trained or recruited, although in practice this condition appears to be fairly liberally interpreted. A second squadron of Jaguars is being formed this year and will be based on Masirah Island where the Americans are developing existing facilities for possible use by their Rapid Deployment Force (RDF). The first Jaguar squadron to be formed is based at Thumrait in the south, along with a squadron of ageing but still effective Hunters. Air defence is concentrated on the airfields at Thumrait and at Seeb, outside Muscat, which are both protected by the British Rapier system.

Appointment

About a third of operational pilots are said to be Omanis but in the helicopter squadrons the proportion is much lower. However, with 10 newly qualified pilots probably the maximum number which can be absorbed into the air force each year, it is admitted that "Omanisation" will remain a slow process. The problem is exacerbated by the tendency to promote Omani pilots to non-flying duties. Maintenance of both aircraft and armaments also seem likely to remain substantially in expatriate hands for years to come.

During the rest of this decade Oman will be looking to purchase a new air-superiority fighter and as this aircraft might be expected to operate in a Gulf air defence system based on Saudi Arabia's Awacs radar surveillance aircraft, the opportunity may be close for the U.S. to break the British dominance of the Omani market.

The task of welding the Omani forces into a single well-integrated fighting unit has since August 1981 been the primary task of General Sir Timothy Creasy, formerly commander of the UK land forces, sometime GOC Northern Ireland. His appointment is understood to have been at the express wish of Sultan Qaboos and followed a previous period of service with the Omani armed forces during the early 1970s.

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